



## Hans Tietmeyer takes the helm

The Bundesbank's stubborn and steadfast missionary

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## Too full of beans.

Can coffee growers perk up the market?

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SERIALS  
DIVISION  
TOMORROW'S  
Weekend FT  
Brazil's dream drifts  
into anarchy

# FINANCIAL TIMES

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Europe's Business Newspaper

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## Sweeping reform urged for UK pension schemes

Sweeping reforms of the way UK occupational pension schemes are governed were recommended yesterday by the government's Pensions Law Review Committee, appointed in the aftermath of the Maxwell pensions scandal.

The committee calls for a new Occupational Pensions Schemes Act, an overall industry regulator, minimum solvency requirements and a requirement that scheme members be allowed representation on boards of trustees. Page 20; Lex, Page 20; Editorial Comment, Page 19

**Du Pont cuts 1,160 jobs** Du Pont, the world's biggest nylon supplier, announced 1,160 job cuts in nylon production in the UK and Germany. Further job losses could follow early next year when Du Pont completes an analysis of its world nylon activities. Page 20

**Tietmeyer takes helm at Bundesbank** In a ceremony in Frankfurt today Hans Tietmeyer, 62, officially takes over from Helmut Schlesinger as president of the German Bundesbank. Page 2; Editorial Comment, Page 19

**Honorary knighthood for Gulf war leader** Gulf war leader General Colin Powell, outgoing chairman of the US Joint Chiefs of Staff, has been awarded an honorary knighthood by the Queen. The UK Foreign Office said the honour was in recognition of his "outstanding contribution" to the Gulf war campaign and to the defence relationship between Britain and the US.

**UN warns on Bosnia aid crisis** Bosnia is "looking into the jaws" of a humanitarian disaster this winter, the United Nations said. It warned that its aid operation for the area faced a cash shortfall of more than 50 per cent. Page 3

**Paribas profits stable** Paribas, the French banking group, said its net profits stabilised at FF1.12bn (\$190m) in the first half because of the recession in the French economy and pressures on the European banking industry. Page 21

**United Nations envoy Rolf Ekeus** is due to arrive in Baghdad on a mission to persuade Iraq to begin implementing permanent, long-term UN monitoring of its weapons programmes - agreement to which could pave the way to the lifting of sanctions. Page 7

**Georgians abandon towns** Georgian troops abandoned the towns of Gali and Ochamchira, their last strongholds in the breakaway region.

**NBC buys Super Channel stake** NBC, the US network broadcaster, is to buy a majority stake in Super Channel, the satellite company available in nearly 60m homes across Europe, mainly through cable networks. Page 21

**Sumitomo Corporation**, the Japanese trading house, is to write off unspecified securities losses incurred by a financial subsidiary, S.C. Finance, which had invested ¥80bn (\$741m) through special trading accounts to supplement core profits. Page 21; Japan announces deregulation for securities trade. Page 25

**Japan's output declines** Japan's industrial production fell an annualised 3 per cent in August, declining for the 23rd month in a row, the longest on record. Page 7

**Bosch deal with employees** Robert Bosch, the electrical and engineering group, has reached a deal with its German workforce which will cut their fringe benefits and other "voluntary" payments by around DM180m (\$111.10m) a year. Page 4

**Fishermen seek end to quotas** Scottish fishermen said they would accept limits on the amount of time they spend at sea, if the UK abandoned the system of EC quotas on the quantity of fish they can catch. Page 8

**USAir warns of job losses** USAir warned of further cost-cutting and 2,500 more job losses. The carrier said weak revenues over the summer had reversed its fragile return to profitability of the second quarter. Page 23

**Venom aids heart attack victims** Heart attack victims given ramipril, a drug derived from the venom of the Brazilian pit viper, are 27 per cent more likely to survive than those given a placebo, according to an article by researchers in the British medical journal Lancet.

**STOCK MARKET INDICES**

FT-SE 100	3,037.5	(+7.4)
Yield	3.86	
FT-SE Euroshare 100	1,293.02	(+4.71)
FT-A All Share	1,938.25	(+0.2%)
Nikkei	20,105.71	(+28.30)
New York Nasdaq	2,553.22	(-3.07)
Dow Jones Ind Ave	2,553.22	(-3.07)
S&P Composite	660.19	(-0.01)

**US LUNcheon RATES**

Federal Funds	3 1/4%
3-mo T-bill <td>2.572%</td>	2.572%
Long Bond <td>10.2%</td>	10.2%
Yield <td>8.01%</td>	8.01%

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## Gonzalez fights to keep VW plant in Barcelona open

By Peter Bruce in Madrid and Christopher Parkes in Frankfurt

VOLKSWAGEN, the German car maker, appeared last night to be positioning itself to shut down the Barcelona plant of its Spanish car subsidiary, Seat.

The Spanish government was trying to head off what would be one of the largest industrial plant closures in the country's history.

The office of Felipe Gonzalez, the prime minister, said his deputy, Mr Marcos Serra, had held several telephone conversations this week with Mr Ferdinand Piech, the VW chairman. The two men are to meet in Madrid next Thursday.

Up to 9,000 jobs are threatened should VW decide, in the light of Seat's large losses this year, to close down the company's old plant near Barcelona harbour and concentrate Seat production at its modern new factory at Martorell, some 25km south of the Catalan capital.

The Seat crisis, which on Wednesday resulted in the resignation of the company's chairman, Mr Juan Antonio Diaz Alvarez, came at a bad time for the government in Madrid.

Mr Gonzalez's minority socialist government is trying to negotiate a wages pact with the main trades unions and to win support from powerful regional parties in Catalonia and the Basque coun-

PAGE 3

■ Angry Seat workers vow to fight VW's cuts  
■ BMW plans workforce of 2,000 for US plant

try in order to be able to pass its 1994 budget, which was presented to parliament yesterday.

In the face of union reluctance to accept a civil service wage freeze, slower public pension growth and taxes on unemployment benefits, Madrid has unilaterally included these measures in the budget and senior officials now hold out little hope that a global agreement on wages over the next three years can now be negotiated.

The Seat crisis will only further poison the atmosphere. "This shows again that sales of public assets (VW bought Seat from the Spanish government in 1986) to transnational companies are not neutral because in times of crisis these companies first close down plants outside their countries", one communist union official said yesterday.

In Barcelona, union officials were promising fierce resistance to any effort to close down the plant, which produces Seat's new Toledo and old Marbella models.

The unions were yesterday accusing the government of conniv-

ing with VW to cut jobs in Seat. The ruling party in Catalonia, the nationalist CiU, called on Madrid to step in with financial and fiscal help to save the Barcelona plant. The CiU has not yet linked its support for the 1994 budget to central government aid for the Barcelona plant but few analysts in Madrid doubt that this or a similar demand will be long in coming.

Spanish government officials say Madrid will do everything possible to help the plant survive but in reality this boils down to little more than persuasion. "There is no money," said one, "and even if there was we would not be allowed to give it to Seat."

The budget presented yesterday forecast higher unemployment for next year and Madrid is already committed to implementing new laws next year to make large-scale sackings cheaper and easier, administratively, for employers.

Mr Piech plans to spend several days in Spain next week to try to calm political tempers and popular fears roused by his demands for harsh cuts at Seat.

The firefighting exercise will begin today at the VW headquarters in Wolfsburg when leaders of Spain's most important trade unions, the UGT and CCOO, fly in for talks.

Continued on Page 20

## Darkest hour for Russian deputies



Russian parliament speaker Khasbulatov (above) studies an order paper by flashlight in the besieged Moscow White House.

House early yesterday morning while deputy Sergei Bahurin studies an order paper by flashlight. Report, Page 20



## Ferruzzi withholds first-half figures

By Hag Simonian in Milan

FERRUZZI-Montedison, the troubled industrial group that owes its bankers more than L28,000m (\$17.87m), said yesterday that uncertainty about the group's future made it impossible to issue first-half figures.

The board of Montedison, which is the main industrial subsidiary of the Ferruzzi Finanziaria (Ferfin) holding company, said the restructuring plan being prepared by the group's bankers might significantly affect first-half earnings.

Among the most contentious points of the plan, which was originally due to be released at the end of August, is a moratorium on interest payments and a rescheduling of the group's debts.

The Ferfin board, which met just before a gathering of Montedison's directors, said it would reconvene on October 14 to approve the six-month figures. The decision to set such a tight deadline may represent an attempt to put pressure on the group's bankers to come up with a restructuring plan.

Ferfin's board said the restructuring plan, which was to be put forward "imminently", would determine "important measures" to alleviate the grave financial burdens which cannot be met by net profits. The alteration would also affect the figures for the first six months of this year.

Those figures which were released confirm that Ferfin's financial performance is improving at the operating level. Group sales rose by 19 per cent to L11,489bn from L9,535bn, while net operating profits went up by 69 per cent to L722bn from L426bn.

The improvement was also reflected in figures adjusted for the effect of last year's devaluation of the lira. On that basis, Ferfin's turnover increased by 3 per cent, while net operating profits climbed by 45 per cent.

A similar trend was evident at Montedison, where revenues jumped 26 per cent to L10,387bn from L8,176bn, while net operating profits almost doubled to L784bn from L398bn. Adjusted for currency factors and acquisitions or disposals in the first half, net operating profits rose by 45 per cent and sales were 7 per cent higher.

## Incentives package 'not a factor' in siting of first passenger vehicle plant outside Germany

# Alabama attracts \$300m Mercedes plant

By Martin Dickson in Tuscaloosa, Alabama

MERCEDES-BENZ yesterday confirmed Alabama as the winner of a fierce contest between more than 30 US states to be the site of the company's first passenger vehicle plant outside Germany.

The \$300m facility, which will produce a range of four-wheel drive sports/utility vehicles, is to be in the town of Vance (population 250), 12 miles (20km) east of Tuscaloosa, home of the University of Alabama, and 32 miles south of Birmingham, the state's largest city.

The decision is a great economic and psychological fillip for Alabama, which has trailed other states in the fast-growing south-

eastern US in attracting new investment, particularly from abroad.

At the start of the 1980s Birmingham rivalled Atlanta, Georgia, for the title of capital of the south-east, but it and the rest of Alabama fell behind in the next 30 years, due partly to a lingering reputation for racial strife during the civil rights era and partly to political infighting.

Mr Helmut Werner, chief executive of Mercedes-Benz, the car and commercial vehicle subsidiary of Daimler-Benz, Germany's biggest industrial corporation, said that after investigating 170 US sites the company had decided that "Tuscaloosa provides the best combination of those factors we are seeking: a quality workforce, a strong trans-

portation network, a university environment, business vitality and a favourable quality of life".

Alabama is paying a high price to attract Mercedes-Benz. It is providing economic incentives worth \$12m and is committed to spending a further \$140m on infrastructure and education.

Mercedes-Benz stressed that other states on its short-list - North and South Carolina - had offered similar packages and that incentives had not been the decisive factor in selection.

Mr Billy Joe Camp, the Alabama official who headed the drive to attract Mercedes-Benz, said a cost/benefit analysis suggested that the plant would help create 15,000 jobs in the state over the next 20 years and bring \$70m in economic benefits.

Mercedes-Benz announced last April its decision in principle to build a volume sports/utility vehicle - a new market segment for the company - and to do so in the US, which is the largest market for four-wheel drive vehicles such as Chrysler's Jeep Cherokee, the Mitsubishi Pajero and the Land Rover Discovery.

The Tuscaloosa plant, which will employ 1,500 people, will begin manufacturing at the start of 1997, and will make 60,000 vehicles a year, as much as half of these for export markets.

Mercedes-Benz said more than 60 per cent of the components would be purchased in the US, including the transmission from Borg-Warner. Engines would be supplied from Germany.

Mercedes-Benz said yesterday that the sports/utility business, including worldwide sales, would be managed from Tuscaloosa. Mr Werner said this was part of a new organisational structure involving management responsibility to business units.

## Rao pledges aid as Indian earthquake kills 10,000

By Shiraz Sidhwa in New Delhi

NEARLY 100,000 army and police personnel were deployed in rescue operations yesterday after a rare earthquake rocked the Indian states of Maharashtra and Karnataka, killing 10,000 people and injuring at least 20,000, according to Indian television. Thousands are feared trapped under the debris of their homes.

The earthquake, measuring 6.5 on the Richter scale, hit an area seldom affected by severe seismological disturbances. Its epicentre was in the border region of Maharashtra, Karnataka and Andhra Pradesh, but the impact was felt in a vast area covering six other states. The quake was followed by six milder aftershocks. In the cities of Bombay and Hyderabad, people rushed out of their homes in the pre-dawn darkness, awoken by tremors.

The populations of entire villages in the economically backward rural districts of Osmanabad and Latur in western Maharashtra were wiped out when villagers were crushed

under their mud and brick huts as they slept. The area is drought-prone but small farmers, growing mostly millet, had a good monsoon season this year.

Although the worst-hit areas are too poor to have an impact on the country's economy, disruption may affect the sugar cane and industrial belt of Ahmednagar district.

Indian President Shankar Dayal Sharma appealed to voluntary organisations to help in the government's relief efforts for what is Maharashtra's worst-ever disaster, and the world's fourth-worst earthquake in the past decade.

Neighbouring Pakistan, with which India has fought three wars since independence in 1947, offered to send help. Acting President Wasim Sajjad and Mr Moen Qureshi, caretaker prime minister, sent messages to their Indian counterparts to express sympathy.

Western aid agencies were yesterday launching relief appeals. The International Federation of Red Cross and Red Crescent Societies sent \$66,000 in emergency

funds and Christian Aid \$50,000 (\$77,000). Medical and food supplies in the region were said to be short.

Mr P.V. Narasimha Rao, the prime minister, pledged Rs20m (\$637,000) from a government relief fund. A crisis management group under the chairmanship of Mr Zafarullah Khan, the cabinet secretary, met in New Delhi to co-ordinate relief work.

Mr Rao said he would visit the area as soon as he was certain his presence did not impede relief operations.

Mr Sharad Pawar, Maharashtra's chief minister, rushed to Latur, where he said nearly 100,000 army and police personnel had been deployed.

India's last big earthquake was in the hills of Uttarakashi in the north in October 1991, when 1,500 people died.

The worst earthquake on record in the subcontinent was in 1935, killing some 30,000 in Quetta, in present-day Pakistan.

The initial conjecture of seismologists is that a fault had developed in the earth's plate interior.

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## NEWS: CHANGEOVER AT THE BUNDESBANK

## Tietmeyer: high-priest of hard money doctrine

**I**N A grandiloquent ceremony of speech-making and chamber music in Frankfurt today, Mr Hans Tietmeyer takes the helm of the institution which has become the dominant force in European economic policy-making.

The audience for his inaugural address as president of the German Bundesbank will include Chancellor Helmut Kohl, a dozen foreign central bank governors, and top names in German business and finance.

In attendance, too, will be several of Mr Tietmeyer's eight surviving brothers and sisters from his clanishly Catholic birthplace in Westphalia, on the north German plains.

For many of the 750 guests in the dignified botanical surroundings of the 19th century Palm House in Frankfurt, the key issue can be summed up in one word: power.

As Germany struggles with its deepest post-war recession, and the EC weathers the aftermath of the summer monetary crisis, how Mr Tietmeyer deploys the Bundesbank's might is a question that occupies the whole of Europe.

Of massive build and earnest countenance, Mr Tietmeyer, 62, a one-time altar boy, aspired in his youth to become a priest. Mr Tietmeyer believes that the Bundesbank's authority is spiritual as well as temporal. It stems from moral prowess as well as economic muscle.

At present, however, Europe is experiencing pain rather than salvation from the Bundesbank's crusade to stem the inflationary consequences of German unification.

At the pinnacle of a 30-year career near to the apex of German policy-making, Mr Tietmeyer has acquired a fearsome reputation for tireless intellect and missionary zeal. He knows that, today, his words will be weighed with unusual attention well beyond united Germany's borders.

Those expecting significant changes from the Bundesbank are, however, likely to be disappointed. Mr Jürgen Sarrazin, the Dresdner Bank chairman, sums up the general feeling: "I expect the continuation of a

**FT writers report on the significance of today's handover of the Bundesbank presidency. For the guests gathered amid the dignified surroundings of Frankfurt's Palm House, the key issue can be summed up in one word: power**

solid monetary policy aimed at preserving stability. Mr Tietmeyer has been a member of Mr Kohl's Christian Democrats since 1960. He joined the Bonn Economics Ministry in 1982, the penultimate year of the stewardship of Mr Ludwig Erhard, the economics minister during the post-war "economic miracle". He served for eight years as state secretary in the Bonn Finance Ministry when Mr Kohl took over from Chancellor Helmut Schmidt in 1982. He went to the Bundesbank in 1990, and in August 1991 he became Bundesbank vice-president under Mr Helmut Schlesinger, who officially bows out at today's ceremony.

A man who can appear in turn both outspoken and enigmatic, Mr Tietmeyer displays the best-known characteristic of his native Westphalia: stubbornness. He prefers, however, to call the quality "steadfastness" or "persistence". And he can combine it, where necessary, with subtlety, eloquence and flexibility.

His true feelings are often a mystery. Professor Karl Schiller, economics minister between 1966 and 1972, who built up a good relationship with Mr Tietmeyer, calls him "an extrovert". On the other hand, one Frankfurt banker who knows him well calls him humourless and impersonal - "a cold fish". In negotiations, he switches character depending on whether he is speaking compliantly, in English, or aggressively, in German. Perhaps because of this, the verdict of Mr Anthony Loehnis, a former international director at the Bank of England - who converses with Mr Tietmeyer in English - is flattering. "Unlike many Germans," says Mr Loehnis, "he has a sense of humour."

Mr Tietmeyer combines Mr

Schlesinger's economic expertise with the political skills and international experience of Mr Karl Otto Pöhl, the previous president, who resigned in 1991 after a row with Mr Kohl over financing German unification.

An adviser from a large US investment fund who knows Mr Tietmeyer well says: "He is much more internationally and politically sensitive than Schlesinger, with a clear sense of the inter-connections between Germany and the rest of Europe and the rest of the world... He has a sense of things which Schlesinger never talked of except when referring to Tietmeyer speeches."

In his Bundesbank experience so far, he has been highly cautious. In contrast to both Mr Schlesinger and Mr Pöhl, he has not so far upset the foreign exchange markets through careless remarks on the D-Mark - an achievement in which he takes some pride.

On the other hand, Mr Tietmeyer is well known for his penchant for lecturing people (including, on occasion, Mr Kohl) and for bluntness in international gatherings. He shows most irritation when Italian officials reprimand the Germans over excess government spending.

During the ERM crisis meetings two months ago in Brussels, he announced sarcastically that the French appeal for unlimited intervention to save the franc was tantamount to asking for the Bundesbank to be closed down.

He finds his belief in the virtues of free enterprise best expressed by Mr Erhard's doctrine of the social market economy - where a capitalist state, with a controlled "safety net" for the underprivileged, is held as the best method of maintaining social stability.

There is a touch of piety in an autobiographical note written for his leaving examination in 1982 at the Catholic high school he attended in Münster not far from his birthplace.

The young Tietmeyer declared himself "interested in public life" and eager "to build up the state [of the federal republic]". As a 22-year-old, he started to study theology before switching to philosophy and economics. Dr Wilhelm Schmulling, aged 80, Mr Tietmeyer's former class teacher, remembers him as "hard-working" and "co-operative" but adds: "I never thought he would become Bundesbank president."

Mr Tietmeyer likes to stress a strong ethical dimension to Bundesbank policies. Comparing the differences between the UK's relatively settled history, and Germany's past vicissitudes, Mr Tietmeyer once said: "You have the House of Lords, the Queen and your established traditions... We have the Bundesbank as our pillar of stability." Mr Heinrich Tiet-

meyer, a younger brother, himself a priest, says the new Bundesbank president believes that "keeping the D-Mark stable is part of keeping people stable".

Mr Tietmeyer has the reputation and the appearance of a quintessential hard money man; the Bundesbank's traditions, indeed, allow him little doctrinal leeway. But if Germany's 3.6m unemployment continues to rise, his personal dilemma over the need to cut interest rates may be more acute than generally recognised.

One former member of the Bundesbank's policy-making council says: "What happens if unemployment goes up so much that he has to throw caution to the winds and say, right or wrong, we must get interest rates down?"

As a sign of Mr Tietmeyer's relative flexibility on interest rates, he suggested a ¼ point cut in the German discount rate at the crucial meeting of the Bundesbank's policy-making central bank council on July 29.

This was designed to help counter pressure on the French franc. Mr Tietmeyer's proposal, backed by several other members of the council, was turned down, however, by Mr Schlesinger.

As this example illustrates, Mr Tietmeyer faces a formidable array of tasks. He must bring down Germany's unusually high 4 per cent inflation rate and keep the D-Mark stable, at a time when many economists believe German industry's competitiveness problems warrant a lower currency level.

He must use his influence with Mr Kohl to help restore order to Germany's public finances, and at the same time attempt to build EC monetary co-operation.

He must also win co-operation from the Bundesbank's sometimes fractious 16-man policy-making council, where each member has the same vote as the president.

Mr Otto Schlecht, a former state secretary at the Economics Ministry, says Mr Tietmeyer's capacity for hard work can be a weakness. "He has a problem in working in a team... He doesn't delegate." He warns Mr Tietmeyer against trying to "dominate" the Bundesbank council. "Otherwise, they will become obstinate."

He does not come to the job untrained or without connections. Among his former political protégés are Mr Johannes Ludwig, the economic adviser to Chancellor Kohl, Mr Horst Kohler, his successor as state secretary in the finance ministry - who now presides over the German savings bank federation - and Mr Gert Haller, the ministry's present state secretary.

He played a leading role in drawing up Bonn's policies on economic and monetary union (Emu) during the past two



**'Mr Tietmeyer is well known for his penchant for lecturing people, including Chancellor Kohl, and for bluntness in international gatherings. He shows most irritation when Italian officials reprimand the Germans over excess government spending. During the ERM crisis he announced sarcastically that the French appeal for unlimited intervention to save the franc was tantamount to asking for the Bundesbank to be closed down'**

decades. His work on early EC plans for Emu in 1970-72 convinced him that monetary union would only be feasible if Community states showed far more convergence, not just in economic policies and performance, but in economic structures.

In 1982, he was the main author of a strategy paper by the then economics minister, Mr Otto Lambsdorff, which warned that welfare spending under Mr Schmidt's government was threatening to run out of control. This paper contributed to the collapse of Mr Schmidt's coalition.

In 1988, he escaped an assassination attempt outside his house in a Bonn suburb. In

1990, he was chosen by Mr Kohl to lead negotiations on the introduction of the D-Mark into east Germany.

By prompting the collapse of industry east of the Elbe, necessitating massive fiscal transfers to eastern Germany, the terms of the 1990 accord.

On the international economic circuit, Mr Tietmeyer has been almost equally active. "He is one of the big men of his time," says one senior international economic official.

Since 1990, Mr Tietmeyer has chaired meetings of the so-called "working party three" of central bankers and treasury officials at the Organisation for Economic Co-operation and Development in Paris.

In other policy areas, too, Mr Kohl's latest appeals for "solidarity" to finance German unity bear marks of Mr Tietmeyer's thinking from the late 1980s, when he consistently argued for "social dialogue" between the forces of capital, labour and politics.

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According to Mr Kumiharu Shigehara, the OECD's chief economist, "he was one of the best chairman I remember", although he could occasionally be "a bit harsh". Over the EC's negotiations on Emu, Mr Tietmeyer will be "extraordinarily vigilant", according to one top Bonn official.

One area in which, embarrassingly for the Bank of England, he was proved right concerned Britain's entry to the ERM in October 1990. At the outset, Mr Tietmeyer - like Mr Pöhl - forcefully told the UK government that the pound's level against the D-Mark was too high. When sterling was forced out of the ERM in September 1992, his argument seemed to have carried the day.

His relationship with the main advocate of Emu, Mr Jacques Delors, the EC Commission president, is adversarial, partly reflecting Mr Tietmeyer's period in 1984-87 as chairman of the EC monetary committee, when Mr Delors would undermine positions taken by the committee.

Over the "convergence criteria" laid down to guide the path to Emu under the Maastricht treaty, the Bonn official says: "He will be very, very attentive to any deviations from the path of Islam... He is completely humourless on the subject of Emu."

His concern about monetary union is that only the "right countries" should join, the official adds. Despite the summer upheavals, the EC still plans to go ahead with the so-called stage two of Emu next year, under which a new European Monetary Institute will be set up to co-ordinate EC monetary policy.

However, Mr Tietmeyer's basic aim is to ensure that stage two will not water down the Bundesbank's autonomy to set German monetary policy as it sees fit. Although he sees the advantages of exchange rate stability, he said recently his main commitment is to internal monetary stability.

Of crucial importance will be Mr Tietmeyer's relationship with Mr Kohl. Mr Tietmeyer acted as the chancellor's "sherpa" preparing economic summits during the 1980s.

But, partly because of his propensity for sermonising, the chancellor got on better with Mr Tietmeyer's successor as finance ministry state secretary, the more emotional Mr Horst Kohler.

Hopes - or fears - that Mr Kohl will have an undue influence on Mr Tietmeyer are, however, unlikely to be realised. "It is accepted by everyone that he is a Bundesbank man," says one central banker.

Mr Kohl knows that any attempt to put overt pressure on Mr Tietmeyer is likely to be counter-productive. None the less, there remains a lingering feeling that the relationship between Bonn and Frankfurt will be closer than in the past.

According to a top Bonn official who is close to both Mr Kohl and the new Bundesbank president: "Tietmeyer will forget his Bonn past - but only as much as he needs to."

Reports by David Marsh, Peter Norman, Quentin Peel and Chris Parkes

## BUNDESBANK'S RECORD IN STANDING UP TO BONN GOVERNMENT

- 1950 - wins showdown (as Bank deutscher Länder) with Chancellor Konrad Adenauer over 2-point increase in discount rate
- 1956 - Adenauer complains unsuccessfully that bank's monetary "guilt" is hitting German industry
- 1957 - Bank deutscher Länder becomes Bundesbank, with statutory independence
- 1961 - Bundesbank opposes D-Mark revaluation, but forced to change mind by economics minister Ludwig Erhard
- 1968 - Tight money precipitates first post-war recession, contributing to Erhard's departure as chancellor
- 1969 - D-Mark revalued after Bundesbank's proposal at first rejected by Bonn. Row helps precipitate defeat of Chancellor Kurt Georg Kiesinger
- 1972 - Row over capital controls, leading to resignation of economics minister Karl Schiller
- 1978 - Dispute over setting up European Monetary System
- 1979 - Bonn publicly opposes Bundesbank interest rate tightening
- 1981-82 - High interest rates discomfit Bonn government, helping Chancellor Helmut Schmidt's downfall
- 1987 - Discord over setting up Franco-German monetary council
- 1989 - Disagreement with Chancellor Helmut Kohl over European monetary union
- 1990 - Bundesbank opposes conversion rate for monetary unification with East Germany
- 1991 - Bundesbank president Karl Otto Pöhl resigns
- 1992-93 - Tight Bundesbank policies increase problems for ERM

## Secretive society of Germany's listening bank

Mr Tietmeyer will require diplomacy rather than an autocratic hand to lead the Bundesbank council, writes David Marsh

**ANALYSING** the mood and inclinations of the 16-member Bundesbank council that meets bi-weekly to discuss interest rate policies has become increasingly complex.

Among the line-up are four professors, three former finance ministers in state governments, and two one-time journalists. Most members have had previous careers as public functionaries (Beamte) - but only three have risen from Bundesbank ranks.

Made up of the seven-man directorate, headed by Mr Hans Tietmeyer, and nine chairmen of the regional central banks from the German Länder (states), the council has an average age of 59. Only one woman has ever sat on the Bundesbank council, and she left 15 years ago. Each member has one vote and the independent-minded regional bank chairmen have shown a growing tendency to counter the views of the directorate.

The council's deliberations are normally kept secret. Formal minutes are released after 30 years. However, for the past decade the council has only kept approximate minutes.

The present council is relatively inexperienced - half have sat on the board for two years or less - which could aid Mr Tietmeyer's efforts to wield control. On the other hand, the new president, said by critics to be a poor communicator, will need to launch a diplo-



Schlesinger (left) is handing over to Tietmeyer a body whose deliberations are kept secret for 30 years but whose decisions immediately reverberate around the world

matic offensive to win council members over to his side.

One view circulating in Frankfurt is that the sometimes autocratic Mr Tietmeyer will try to force his views on the board, which could turn

some of the more rebellious members against him.

On the other hand, Bundesbank officials warn against over-estimating the significance of the change of presidency. One member of the

council says: "To speak of controlling the board is not correct. No president can force discipline on us... Everyone has his own ego." Of the 16-man board, one seat - in Hamburg - is vacant, but is being

filled for the time being by the regional bank's vice-president, Mr Hans-Jürgen Siegmund.

Only one board member, the new Bundesbank vice-president, Mr Johann Wilhelm Gaddum, 68, has had mainstream

private-sector business experience. He once headed his family oil trading business.

However, two other directorate members, Mr Günther Storch and Mr Edgar Meister, are former public-sector com-

mercial bankers. Mr Horst Schulmann, 60, the head of the Hesse regional central bank, had a spell working for the steel group Hoesch.

While directorate members are chosen by the Bonn government, regional central bank chiefs are selected by state governments. Nominations are made on the basis of politics as much as competence. The somewhat colourless Mr Gaddum is a former Christian Democrat (CDU) politician and long-standing friend of Chancellor Helmut Kohl.

Mr Gaddum's appointment as No 2 to Mr Tietmeyer - also from the CDU - countered the long-standing tradition of drawing president and vice-president from the ranks of both the government and opposition. Mr Schulmann, a former personal adviser to Chancellor Helmut Schmidt and state secretary in the Bonn Finance Ministry until the change of government in 1982, is believed to have been offered the job, but turned it down.

This may have been partly for personal reasons, since Mr Tietmeyer took his state secretary job in Bonn when Mr Kohl became chancellor in 1982.

Other strong figures on the board are Professor Reinhold Jochimsen, 60, the Social Democrat regional bank president from North Rhine-Westphalia, and Mr Lothar Müller, 66, the hawkish head of Bavaria's regional bank, who after 14

years on the council is now its longest-serving member.

Mr Jochimsen's Independent views have occasionally alienated Mr Schlesinger, the former president. Mr Jochimsen was mooted as a candidate to become deputy under Mr Tietmeyer, but Chancellor Kohl is believed to have turned down the idea because of Mr Jochimsen's highly sceptical statements about the Maastricht treaty.

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# UN warns of aid calamity for Bosnia

By Gillian Tett in London, Laura Silber in Belgrade and Frances Williams in Geneva

BOSNIA is "looking into the jaws" of a humanitarian disaster this winter, the United Nations said yesterday. It warned that its aid operation for the former Yugoslavia faced a cash shortfall of more than 50 per cent.

The warning comes amid fears that the Bosnian parliament's virtual rejection of the peace proposals on Wednesday will trigger further fighting across the region.

In an effort to salvage the peace process, Lord Owen and Mr Thorvald Stoltenberg, the international mediators, met in Geneva yesterday and spoke to Bosnian, American and UN representatives.

The Bosnian parliament has said it will accept the peace deal, which would turn Bosnia into a loose union of three ethnic mini-states, only if lands seized by force are returned.

But with the mood in Geneva reported to be sombre, diplomats close to the talks warned it was uncertain whether the mediators could produce any fresh diplomatic initiatives rapidly, while the response from the Serb and Croat leaders remained unclear.

One diplomat said: "It's a very serious situation."

Although UN sanctions against Serbia have left the Serb leadership in Belgrade

keen for a settlement, the Serbs have insisted they will not yield any more land.

Mr Radovan Karadzic, Bosnian Serb leader, said the Serbs would continue to build their state and accused the Bosnian Muslims of seeking to stall the process.

As tensions rose across Bosnia, Gen Rasim Delic, commander of the Muslim-dominated Bosnian army, said he had ordered his troops to cease military action against the Croats.

Most ceasefires to date in Bosnia have quickly broken down, and sporadic fighting was yesterday reported to be continuing between Muslim and Croat forces in central Bosnia.

Meanwhile, Gen Delic warned that Serb forces were massing in north and east Bosnia.

Yugoslavia today will strike six zeroes from Yugoslav dinar notes because of soaring inflation. But government officials cautioned that the new notes would not be distributed because of the lack of petrol caused by UN sanctions.

After the redenomination, 1m dinars will be equal to one dinar. One kg of meat yesterday cost 20bn dinars or the equivalent of two monthly pensions.

"The move is only a technical denomination which will not help the situation," says Mr Jurij Bajec, professor of economics at Belgrade University.

## The Bosnian aid crisis: What is needed for winter survival

### AN UPHILL STRUGGLE



THE humanitarian crisis this winter is likely to be considerably worse than last year if the Bosnian war continues, UN agencies warned yesterday. Nearly 3m people in Bosnia, twice as many as last winter, are expected to need food and shelter aid: the numbers are rising each day as fighting isolates more communities. But agencies say they remain short of funding. Food aid alone in the former Yugoslavia is projected to cost \$1.7m (£1.1m) a day, with the total bill for emergency aid expected to be nearly \$500m, half for Bosnia. "Last winter the weather was fairly mild and people had reserves of food and energy," says Mr Ray Wilkins, spokesman for the UN High Commissioner for Refugees in Sarajevo. "This winter they are exhausted, and the situation will be far worse."

### CLOTHING AND SHELTER

The UNHCR estimates that 500,000 people will need "winter relief items" - 3,500 tents, 3.6m sq m of plastic sheeting, 396,000 mattresses, 4m candles, 800,000 pairs of socks, and sweaters, gloves, vests and shoes for 400,000 people. With only \$45m received of the \$68m needed, there are severe shortages of clothes.

### FUEL

With most electricity and gas supplies in the region cut, and distribution of diesel hampered by fighting, lack of fuel will be one of the most critical problems this winter, particularly in the cities. Sarajevo alone, which has no stocks of coal, is estimated to need 80,000 tonnes of coal.

### FOOD

The UN's World Food Programme estimates that 2.7m people will require food aid for the next six months: more than 260,000 tonnes of wheat flour, oil, biscuits, meat, fish, salt and sugar.

The cost, including one month's emergency stocks, will be \$200m. Donations of

wheat have left the WFP with sufficient carbohydrates for the next three months but only 50 per cent of the necessary high-protein foods, and little stocks for beyond January.

Although the food is stacked in warehouses in Split, Zagreb and Belgrade, the WFP has been unable to build up stocks in crisis spots, and fighting in central Bosnia has already prompted reports of imminent starvation in some isolated communities.

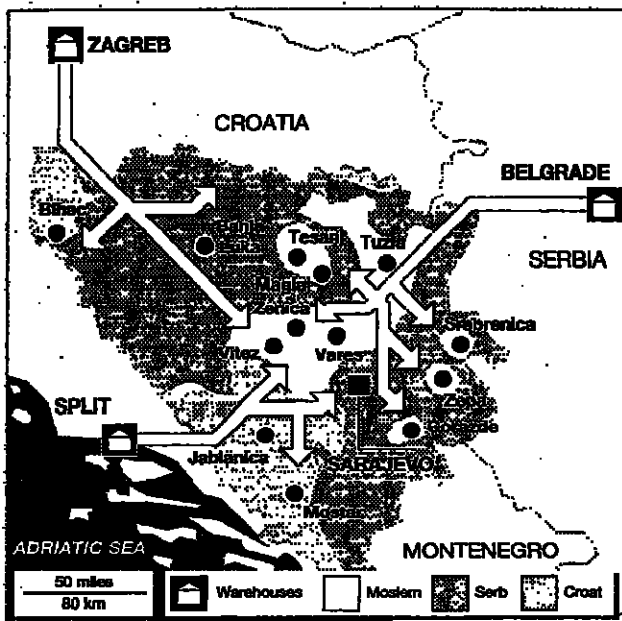
### SEEDS

The UNHCR has distributed nearly 4,000 tonnes of vegetable and wheat seeds which could feed 900,000 people when the harvested next summer. But fighting has prevented the distribution and sowing of some of the seed, which needs to be planted by early October.

### MEDICAL SUPPLIES

Recent outbreaks of hepatitis have left the World Health Organisation alarmed about the deterioration in health conditions. About 1m people have lice or other health problems arising from lack of hygiene and water.

### UN aid routes to Bosnia-Herzegovina



Sarajevo  
Requiring food aid: \$80,000. Being delivered: 78%.  
Most of Sarajevo's food aid has got through in recent months, but the city is critically short of fuel: 85 per cent of the population depends on natural gas, and the city's water pumps depend on electricity.

### Southern Bosnia and Herzegovina

Requiring food aid: \$35,000. Being delivered: 21%.  
The situation here is critical, aid agencies say, with fighting between Muslim and Croat forces blocking most deliveries. The Split warehouse has stockpiled food, but agencies warn of disaster in cities like Mostar if fighting continues.

### Central Bosnia and Tuzla

Requiring food aid: \$40,000. Being delivered: 48%.  
The Tuzla region is relatively stable, but there is strong concern about Tuzla and Magjari, where up to 150,000 Muslims have been cut off by Serb forces. Clashes between Muslim and Croat forces have also isolated many communities, with the situations in Jajce, Zenica, Vitez and Vares reported to be critical.

### Eastern Bosnia

Requiring food aid: \$36,000. Being delivered: 69%.  
A considerable proportion of the aid supplied from Belgrade is getting through. However, clashes between Muslims and Serbs around the Muslim enclaves of Zepa, Gorazde and Srebrenica have blocked convoys, and all these towns are overcrowded with refugees, with the water supply situation in Srebrenica reportedly serious.

### Banja Luka and Bijac

Requiring food aid: \$69,000. Being delivered: 78%.  
The situation is relatively stable, with most food aid supplied from Zagreb reaching the area. Concern remains, however, about continuing harassment of the Muslim population in Serb-held Banja Luka and the presence of a large refugee population.

# EC beckons for winners of Greek election

By Kerin Hope in Athens

RUNNING the European Community presidency for the first half of next year will be the first important foreign policy test for the new Greek government after the October 10 election.

With the opposition Panhellenic Socialist Movement holding a steady lead in opinion polls, anxieties about Greek obstructiveness in Community affairs, frequent under previous Socialist administrations, are reviving. Independent polls predict Pasok will win up to 44 per cent of the vote, against 41 per cent for the conservative New Democracy party, enough for a working majority in parliament.

However, the timing of the election, six months earlier than expected, has relieved European Commission officials. A disruptive election campaign and probable change of government midway through the Greek presidency loomed as a nightmare scenario in Brussels.

If the Socialists return to power, the first question will be whether Mr Andreas Papandreu, the Pasok leader, will have the stamina to make the rounds of EC capitals and be an effective chairman of next year's summit on Corfu. In 1988, when Greece last held the EC presidency, a shaky-looking Mr Papandreu, recovering from heart surgery, called an early halt to proceedings.

Mr Papandreu will have to work hard in any case to reassure Greece's EC partners that his new-found enthusiasm for European economic union, a central theme of his campaign speeches, is more than a convenient election tactic.

Still, the constraints of being the EC's poorest member, together with Greece's commitment, accepted by Pasok, to meeting the Maastricht targets for economic convergence, should make a new Socialist government more co-operative than its predecessors.

Greece is unlikely to stop raising difficulties over regional issues. It will go on blocking attempts to unfreeze Ecu400m (\$260m) in EC aid to Turkey under the Fourth Financial Protocol and will do its utmost to prevent full diplomatic recognition of the ex-Yugoslav republic of Macedonia.

However, regardless of the election outcome, Greece's dependence on EC transfers to shore up its current account and provide the bulk of co-financing for public investment projects will mean that Greek policymakers will think twice before straying far from the Commission's agenda for 1994.

Moreover, the presidency will coincide with efforts to speed transfers from the Delors II package of infrastructure funding, from which Greece hopes to get almost \$20bn (£13bn) over the next six years.

Greece's own priority for the presidency will be to push for a co-ordinated EC policy on the Balkans, and to help develop communications and economic co-operation.

# Angry Seat workers vow to fight VW's cuts

By Tom Burns in Barcelona

ONE thing that really irritates workers at Seat, the Spanish subsidiary of Volkswagen, is that the parent German group even brought in soil when it built a new plant at Martorell, 35 kilometres west of the old factory at Barcelona.

"VW changed the Spanish washroom taps at Martorell to German ones and laid down German earth for the gardens," Mr Innocencio Jaramillo, a Seat union organiser, said yesterday at the main plant in Barcelona. He and the other 12,000 workers could soon be out of a job.

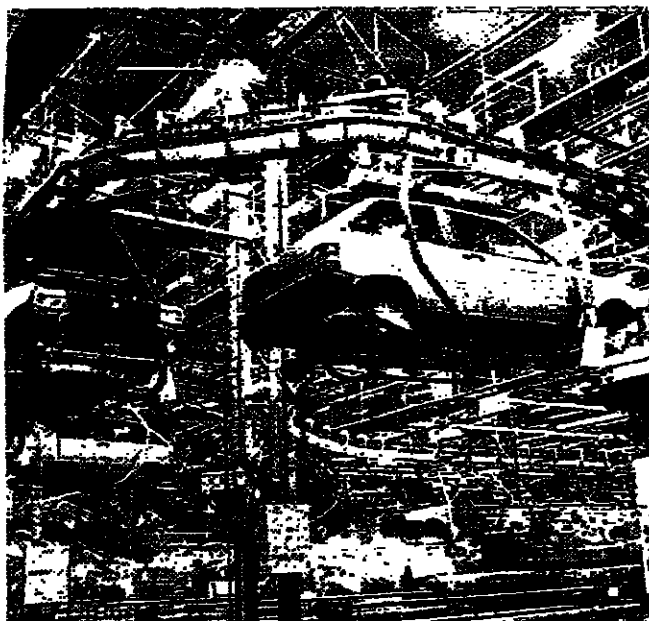
The gleaming Martorell plant, opened earlier this year following a Pta244bn (£1.2bn) investment, was supposed to be the symbol of VW's future in Spain. The Barcelona factory, now more than 40 years old, is the obsolete symbol that VW would prefer to forget.

Although the German group has not specified the closure of the Barcelona plant, it has indicated it wants stringent cuts in its loss-making Spanish subsidiary. It was the failure to deliver such cuts that led to the resignation of Seat's chairman, Mr Jose Antonio Diez Alvarez, on Wednesday.

Few at Seat doubt that the cuts mean the curtain will come down on the old plant but the Barcelona workers are quietly confident that their cause is not yet lost.

"VW simply cannot do it," said Mr Jaramillo, a neatly dressed clerical worker who held court, surrounded by boiler-suited colleagues, in the basement offices set aside for union activities in the plant's main administration building.

A group of Mr Jaramillo's colleagues were travelling yesterday to the VW headquarters at Wolfsburg for meetings with chairman Mr Ferdinand Piëch.



Seat's Barcelona factory - few doubt it is likely to close

"If he (Piëch) wants to close us down, he will be firmly told it is quite impossible. We represent a political cost that neither Volkswagen nor the Spanish government can pay for."

The quiet determination, however, masks a very real fear that the writing is indeed on the wall. The Barcelona plant was condemned just as soon as Martorell, with a 6,500 labour force, came on stream.

Closure of Barcelona is such an emotional issue it can hardly be faced. The employees that crammed into the basement office have been with Seat almost from the start. At least half the Barcelona labour force is over 50 and all feel proprietorial about the company.

"If we go, it is the end of Seat as a company, as a trade mark, as an identity," said "Tomasin", a veteran, like Mr Jaramillo, of more than 20

years with the car manufacturer. "From now on it will be just Volkswagen, perhaps that is what the Germans always intended."

Closure of the plant, which occupies a square kilometre of an industrial estate called the Zona Franca, south of the city, is also a stunning blow to Barcelona. "We are the lungs of the Zona Franca. We keep it going," said Mr Jaramillo.

"Some 40,000 indirect jobs will be affected by our closure."

If Seat, by far the largest employer on the estate, shuts down there will be extreme nervousness at neighbouring loss-making plants operated by Nissan and by a subsidiary of Fiat.

Seat's Barcelona workers promise "strong, very strong, action", if the closure is forced through. At the very least they will bring Martorell to a "standstill".

# BMW plans workforce of 2,000 for US plant

By Kevin Done, Motor Industry Correspondent

BMW, the German executive and luxury carmaker, is to hire 300 production workers in 1994 and 700 more in 1995 for its planned US car plant in Spartanburg, South Carolina.

The company said the workforce of the manufacturing operation, its first plant in North America, would total more than 1,200 by late 1995 and would grow to 2,000 by the late 1990s.

The first production workers will be recruited in January and most of those hired during 1994 will be sent for training to BMW plants in Germany.

Mr Al Kinzer, president of BMW Manufacturing, said that

the basic wage of a production worker at the Spartanburg plant would begin at \$12 (£7.70) an hour and would rise to \$16 an hour within 24 months.

BMW would also pay a \$100 attendance bonus for "perfect on-time attendance" during each four-week period during the year as well as an annual company performance bonus.

Gross wages for car workers are broadly comparable in Germany and in the US, but German carmakers are burdened with the highest total wage costs (gross wages plus social costs such as payroll tax) in the world motor industry.

According to the German Auto Industry Federation (VDA), German carmakers have total wage costs of DM47

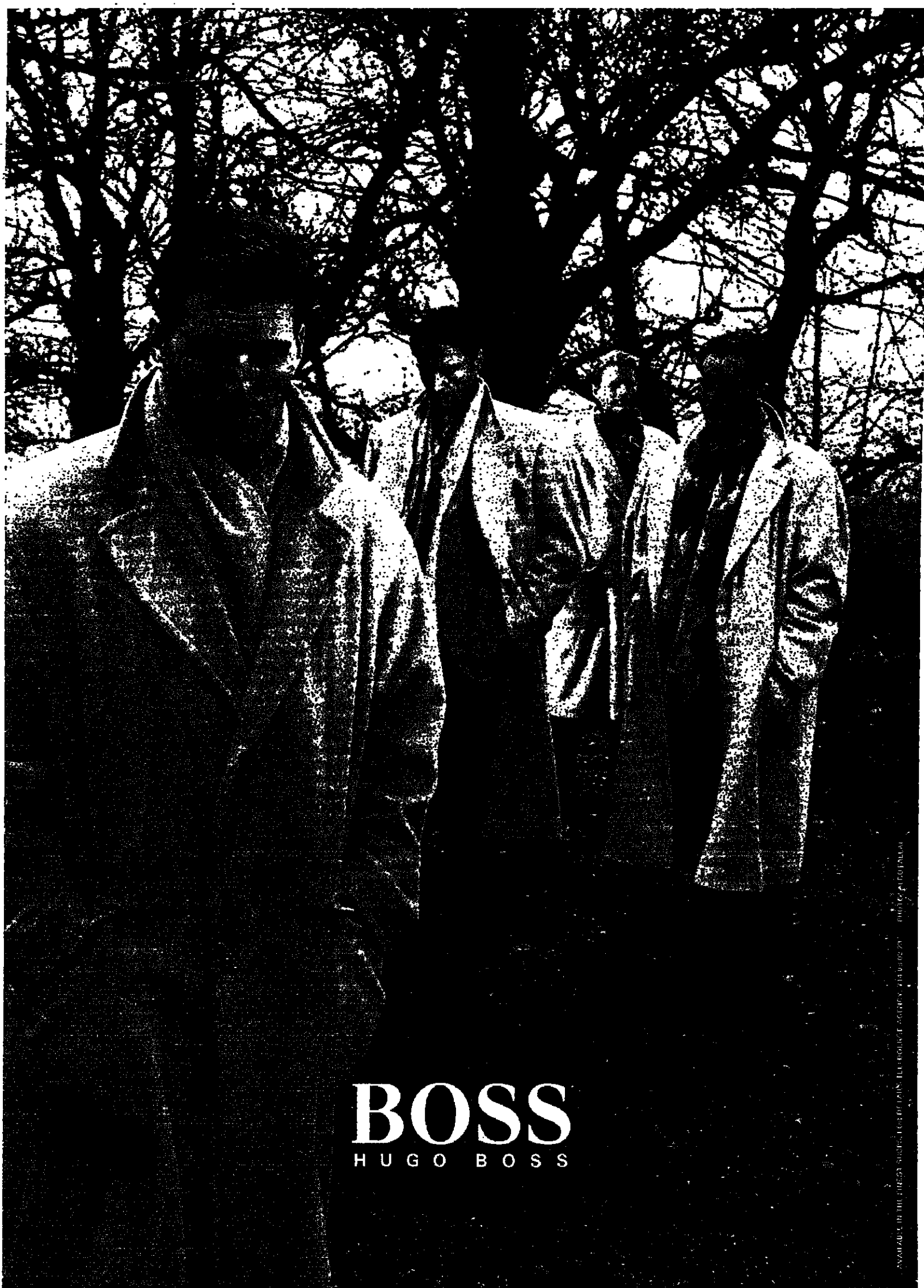
an hour (in December 1992), 37 per cent higher than in the US at DM34.4 an hour.

Mr Kinzer said workers at the Spartanburg plant would have 10 vacation days and 13 paid company holidays. BMW said its German workers have 30 days' vacation and 13 public holidays.

According to the VDA German car workers clock up only 1,433 hours a year, 27 per cent fewer than the 1,922 hours worked by a US car worker.

BMW said the average gross pay for an assembly line worker at its German plants was DM24 or \$15 an hour.

The \$400m plant was expected to begin production in the autumn of 1994 with output rising to 300 a day by end of 1996.



## NEWS: EUROPE

# Bosch workers surrender fringe benefits

By Christopher Parkes  
in Frankfurt

ROBERT BOSCH, the electrical and engineering group, has struck a ground-breaking bargain with its German workforce which will cut employees' fringe benefits and other "voluntary" payments by around DM180m (£72m) a year.

The deal, announced yesterday, will hearten other leading industrial companies which are negotiating for similar pay-

roll savings with engineering union officials.

The Bosch settlement followed eight months of discussions and intermittent protest strikes aimed at reducing personnel costs by DM250m a year. The group has already acted to cut materials and capital costs by a similar amount.

Around DM70m was saved in April when directors' and non-unionised employees' salaries were cut, and management unilaterally announced that a

previously agreed 3 per cent rise for hourly-paid workers would apply only to the basic rate. Annual increments are usually applied to the total pay package.

Yesterday's agreement included cuts in shift premiums and canteen subsidies, and spelt the end of interest-free home loans and spa cures at the company's expense.

Although Bosch calculates that social, educational and other benefits and bonuses will

still cost it DM750m a year, the settlement marks an important breakthrough in industry's efforts to restrain costs.

Success at Bosch, Germany's leading vehicle component supplier, will raise hopes of progress in generally secret negotiations under way, especially in the motor industry.

Germany's biggest union, IG Metall, has over the years negotiated a substantial array of costly benefits for its membership, which are now under

scrutiny as management seeks to restore competitiveness.

These include free travel to work, anniversary bonuses, cures for paintshop workers, beer allowances, extra sick pay and an extra month's payment at Christmas. Also under debate are the day-long workers' assemblies, usually held at least twice a year, in which production stops entirely.

The opening of negotiations in the Daimler-Benz group has already been marked by pro-

test strikes. On Tuesday this week more than half the workforce at its Deutsche Aerospace subsidiary downed tools for an hour.

Similar moves by the government have also stirred unrest. IG Bau-Steine-Erden, the construction industry union, for example, has called a nationwide demonstration for this Saturday against Bonn's plans to cut benefits paid when site work is stopped by bad weather.



Victorious Abkhazian rebels on a shooting spree in Sukhumi yesterday. Separatists routed Georgian soldiers from the last corner of their rebel territory yesterday, advancing nearly 90km in a day. Since Georgian leader Eduard Shevardnadze fled from the war zone on Tuesday, leaving the smoking ruins of the local capital Sukhumi in Abkhazian hands after an 11-day siege, his countrymen have suffered defeat after defeat.

## Bonn split on crime plan | Gloomy growth outlook

By Ariane Genillard in Bonn

A PROGRAMME to fight rising crime, announced yesterday by Germany's interior minister, Mr Manfred Kanther, has sparked virulent protests from the liberal Free Democrats, adding to strains on the coalition government.

The programme, which Chancellor Helmut Kohl and his allies hope to put to parliament in the autumn, aims to strengthen police forces and improve co-ordination between them and security agencies.

Crime, from small burglaries to operations by organised gangs and growing numbers of racist attacks, is expected to be a big issue in next year's elections.

The measures, however, include permission to place listening devices in the homes of suspects and allowing policemen, acting as undercover agents, to be involved in criminal actions, steps which threaten to further divide the Bonn coalition, already weakened by disputes over the choice of a presidential candidate and a healthcare plan for the elderly.

The Free Democrats (FDP), junior partners in the coalition, are struggling to sharpen their party's profile, and hope their opposition to the measures will tap into the historical suspicions of many Germans about strengthening the security forces and about state surveillance of individuals.

"We are convinced that some essential legal principles should not be given up," Mr Burkhard Hirsch, FDP deputy responsible for domestic security, said yesterday. "It is a populist simplification to fight crime by passing more laws and closing your eyes to the causes behind it."

The FDP also opposes plans for tougher penal sanctions against criminals under 21 in order to deter delinquents from crime and clamp down on racial violence. It argues that racial violence can only be tackled by changing the status of foreigners in Germany and devising an immigration policy - an issue on which conservative members of the government refuse to move.

THE Organisation for Economic Co-operation and Development has revised downward its growth estimates for the US, Japan and Germany, three stalled motors of international economic activity, Reuter reports from Paris.

Mr Jean-Claude Paye, OECD secretary general, told the Council of Europe's parliament in Strasbourg yesterday that a feeling of disappointment summed up the present situation among the 24 OECD nations.

In the US, gross domestic product was forecast to grow 3 per cent next year, taking into account inflation, rather than the 3.1 per cent forecast published in June.

This growth relied on an upturn in foreign demand, Mr Paye said.

The Japanese scenario was much bleaker, he said. Instead of the forecast 3.35 per cent real GDP growth in the second half of this year, the OECD now sees stagnation and growth of only 2 per cent for 1994.

This contrasts with a forecast increase in activity next year of 3.3 per cent.

German growth next year has been drastically marked down to not more than 0.5 per cent from the 1.4 per cent earlier forecast.

The other European nations would see mediocre performance. Mr Paye pointed to the

apparent failure of the US and European models of economic life in sustaining growth and jobs.

In the US, labour was highly mobile and competition speeded adjustments. In Europe, governments were more interventionist and there was a long-established social security system.

But there has been a stagnation or even deterioration in US average living standards and more than 30m people were classed as poor.

In Europe, unemployment was rising everywhere.

Mr Paye said it was vital that OECD countries' policies should succeed otherwise, "fear of the future will continue to hold sway."

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## Better lending terms for small businesses urged

BRUSSELS, which holds the EC presidency, yesterday proposed improving loan terms from banks and lower taxes to help pull small and medium-sized businesses in Europe out of recession, Reuter reports from Brussels.

The European Community had to do more to help these companies, which employ 75 per cent of the EC workforce, Mr André Bourgeois, Belgian minister for small and medium-sized companies, said yesterday.

More than 99 per cent of the EC's 15.7m private-sector companies would be affected - with more than 14.5m employing fewer than nine people apiece, according to Commission statistics.

Belgian companies employing fewer than 50 people pay corporate tax at 28 per cent, while larger companies pay 39 per cent. Most EC countries have only one rate.

The minister's EC proposal does not specify what level of corporate tax should be set EC-wide for smaller businesses.

The European Commission is working on a proposal which would leave such businesses free to choose between corporate tax and a tax on revenue, a Commission official told Reuter.

"Corporate tax is better for companies that invest a lot, but tax on revenue could help a lot of small ones," he said.

Mr Bourgeois welcomed Spain's decision last week to exempt from tax for a year corporate profits kept back and reinvested.

The Belgian plan, which will be discussed by ministers in charge of the EC's single market in November, also calls for better access to bank loans at better rates but some fear it will only remain a set of good intentions. Mr Bourgeois expressed concern about the lack of progress in setting up the European Investment Fund agreed by the EC summit in Edinburgh last December.

The Ecu2bn (\$2.8bn) fund to finance EC-wide infrastructure networks and help small and medium-sized companies create jobs is still far from being launched, thanks in particular to the lack of interest shown by private banks in contributing to its capital.

A proposal to subsidise loans to small businesses by up to 3 percentage points is also blocked. "The 3 per cent proposal was questioned by Britain," Mr Robert Urbain, Belgian external trade and European affairs minister, said.

offer

### INVITATION TO TENDER

Economic and Regulatory Issues:  
Consultancy to the Office of Electricity Regulation

The Office of Electricity Regulation (OFFER) is reviewing its present arrangements for the provision of consultancy services on economic and regulatory issues. The intention is to draw up a panel of approved contractors who could provide advice or undertake particular assignments on a wide range of issues arising under the regulatory regime in Great Britain, as and when the need arises. Particular assignments are not expected to involve expenditure exceeding £50,000 in any one instance. Areas where outside independent advice may be necessary over the next 12 months could include:

- issues arising under price control reviews
- the Director General's input to the Nuclear Review
- development of competitive markets (eg in relation to generation and the Pool)
- determination of disputes on use of system and connection agreements.

Commissions might be either for specific tasks, or for ongoing advice and analysis. Apart from demonstrating proven competence in dealing with economic and regulatory issues, those tendering will need a thorough knowledge of the electricity regime in Great Britain. They will also have to avoid conflicts of interest, such as might arise from providing similar services to any holder of a licence issued under the Electricity Act 1989.

Individuals, firms or university departments interested in being considered for the panel should write enclosing details of their expertise, the arrangements proposed for avoiding conflicts of interest, their likely availability over the next 12 months and proposed financial terms expressed in terms of a daily fee.

Replies should reach:

The Director of Administration (Mr Howard Jones),  
Office of Electricity Regulation,  
Hagley House, 83-85 Hagley Road, Edgbaston,  
Birmingham B16 8QG by 22 October 1993.

Handwritten signature or mark.



## Sutherland seeks urgency on trade talks

By Frances Williams in Geneva

MR Peter Sutherland, director-general of the General Agreement on Tariffs and Trade, yesterday called on negotiators to redouble their efforts to conclude the seven-year-old Uruguay Round of global trade talks by the December 15 deadline.

Addressing a stock-taking meeting of GATT's overseer Trade Negotiations Committee, he said the overall picture was "not a bad one" but much more needed to be done - urgently.

He expressed particular concern about blockages in the negotiations on improving market access for imports of farm goods and textiles - both areas of critical interest for developing countries.

Mr Sutherland said he had asked Mr Germain Denis, chairman of the market access negotiating group, to give these areas "very special and urgent attention", and would intervene himself if necessary.

"A larger share of the responsibility for movement must lie with the major players," he added.

The director-general, who has been circling the globe to enlist support for the round from political leaders, said afterwards he would travel to Tokyo this month to meet Mr Morihiro Hosokawa, Japan's

prime minister, and other senior ministers. Top of the agenda will be Japan's reluctance to liberalise its closed rice market, now emerging as an important obstacle in the negotiations on lowering trade barriers for farm goods.

The trip will also include Singapore, where Mr Sutherland will meet ministers from the Association of South-East Asian Nations. Liberalisation of financial services markets in these countries is seen as critical to the success of negotiations in Geneva on market opening for foreign services.

The timetable for the Uruguay Round talks, agreed last July, says the shape of the overall market access package for goods must be clear by mid-October, with a further month to complete detailed tariff schedules for each country. As of yesterday, 58 countries (the EC counting as one) had made comprehensive tariff offers.

However, talks on lowering trade barriers for farm goods have been delayed by uncertainty over the future of the US/EC Blair House accord on agricultural subsidies.

On industrial goods, Mr Sutherland said yesterday that the "unfinished agenda", left over from last July's agreement on tariff cuts between the four leading traders, was holding up the negotiations.

## S Korea finds two sides to high yen

By John Burton in Seoul

THE RISE of the yen is proving to be a double-edged sword for South Korea, illustrating the complexity of its economic relations with Japan.

On the one hand, South Korea is enjoying an export boom and taking business from Japanese competitors as its price competitiveness improves with the won's 18 per cent fall against the yen this year.

On the other, Korean companies are having to pay more for the vital Japanese machinery and components on which their industries are highly dependent.

On the plus side, Korean shipyards expect to receive a record number of orders in 1993 and surpass Japan as the world's biggest shipbuilder.

Car manufacturers predict that shipments could match the export peak of 576,000 vehicles reached in 1988.

The country's three main electronics companies reported that their exports of semiconductors and consumer products rose 52 per cent during the first half of 1993.

Analysts predict that Korea's trade balance could record a slight surplus in 1993 after four years of deficits.

Particularly encouraging is the growing number of industrial orders from Japan, which has maintained a persistent

trade surplus with Korea since it established diplomatic ties with its former colony in 1965. Japanese companies are buying more steel products, petrochemicals, vehicle parts and ships from Korea.

But this does not mean that Korea's trade deficit with Japan will shrink.

"As Korea's exports increase, the more industrial parts it needs to import from Japan," says Mr Stephen Marvin, head of research at Jardine Fleming Securities in Seoul.

He predicts that Korea's trade deficit with Japan will increase slightly to \$8bn in 1993 from last year's \$7.9bn. The import of Japanese machinery and components heavily outweighs Korea's trade surplus in agricultural and consumer goods to Japan.

The trade deficit with Japan would be even larger if Korea had not virtually banned more than 250 Japanese products, including cars and consumer electronics, during the last two decades as part of an "import diversification policy".

The rising cost of Japanese industrial equipment is also causing problems for the Seoul government as it tries to revive the ailing economy. It planned that industrial investments would be the main engine for boosting domestic demand and increasing gross national product growth above last year's 4.8 per cent, the

slowest since 1980. But Korean companies are reluctant to expand their facilities when the cost of Japanese equipment is so high.

Korea imports 35 per cent of its machinery from Japan and 40 per cent of its electronic components.

The Ministry of Trade, Industry and Energy recently estimated that the trade deficit with Japan would grow to \$9.8bn by 1993, although its ratio to the Korean GNP would decline from 2.7 per cent to 1.5 per cent.

The reason for the persistent gap is that during Korea's rush to industrialise in the 1960s and 1970s, it neglected to develop an adequate network of subcontractors to supply components to the country's big conglomerates.

In addition, Korean businessmen acknowledge that Japanese production equipment is of superior quality and cost efficient.

The government has partly succeeded in reducing dependence on Japanese technology by promoting the local production of some capital goods.

State financing of Won\$88bn (\$726m) in soft loans will be provided in the next five years to small and medium-sized businesses for the development of 3,500 machinery items and components now imported from Japan. Tax breaks are also being offered to Korean companies that buy domestic production equipment.

Seoul believes the long-term solution to the trade problem is the transfer of Japanese technology to South Korea.

But Japan fears that supplying advanced technology to Korea would only enable it to become a more formidable competitor. Mitsubishi, for example, was dropped from the recent competition to build Korea's high-speed train because it refused to accept Seoul's demands for technology transfers.

Although Japan has been the biggest foreign investor in Korea, it now prefers to invest in south-east Asia and China because Korean wages are the highest on the Asian mainland.

However, Tokyo last year agreed to help establish a \$20m foundation that would funnel technology from Japanese to Korean companies.

The action was seen as an attempt to defuse mounting criticism against Japan for its use of Korean women as military prostitutes, or "comfort girls", during the second world war.

In return, Seoul agreed to allow Japanese trading houses to expand their operations in Korea, although limiting their role to exporting Korean products. It banned them from import activity.

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## Gephardt hopeful of changes to Nafta

CONGRESSMAN Richard Gephardt, leader of the majority Democrats in the US House of Representatives, has held out the possibility of measures that would modify the North American Free Trade Agreement enough to bring him to vote for it, writes George Graham in Washington.

Mr Gephardt last week announced that he would vote against Nafta as it stood, since side agreements on environmental and labour issues negotiated by President Bill Clinton still left it deficient.

However, Mr Gephardt said he was considering mechanisms to address his two concerns about labour rights and wages in Mexico, and the financing of environmental and infrastructure work along the US-Mexican border.

While President Carlos Salinas de Gortari of Mexico has promised an increase in Mexico's minimum wage in line with productivity gains, Mr Gephardt said he was looking at ways of tying wages to productivity.

For funding work along the Mexican border, Mr Gephardt said he favoured a fee on any item that crossed the border in either direction.

## Tokyo approves imports of rice

By Emiko Terazono in Tokyo

THE Japanese government yesterday officially approved plans to import rice so as to cope with the worst harvest since 1945, after an unusually cool summer and a spate of typhoons.

Mr Eijiro Hata, agriculture minister, yesterday said plans to import 200,000 tonnes of rice by year-end, as an initial instalment, were among the government's emergency measures along with financial relief for farmers.

The decision comes ahead of the visit by Mr Mike Espy, US agriculture secretary, on October 10-13. The US government is calling for Japan to use the rice shortage as an opportunity

to open its rice market. However, Tokyo yesterday stressed that the emergency step would not lead to a liberalisation of the country's rice market.

Mr Masayoshi Takemura, chief cabinet secretary, said the emergency imports were separate from the rice issue being discussed within the Uruguay Round of multilateral trade negotiations.

The government said the rice harvest index was at a record low of 80, against an annual average of 100. Production for the year is expected to fall to 8m tonnes, from an annual average of 10m. Agriculture Ministry officials have suggested that more than 1m tonnes would be imported.

## European and US drug sales growth declines

By Paul Abrahams

EUROPEAN and US drugs sales growth decelerated rapidly during the first six months of this year. The Japanese market continued to recover following price cuts last year.

The European prescription drugs market, hit by health-care reforms in Germany and Italy, actually fell from \$25.2bn (\$16.2bn) to \$23.4bn, although the figures were affected by exchange rates. In local currencies, drugs sales in pharmacies in the seven largest European markets rose only 1 per cent, according to IMS International, the specialist market research group. That compares with 10 per cent last year.

The German market fell from \$7.1bn to \$6.3bn - a drop of 11 per cent in D-Mark terms.

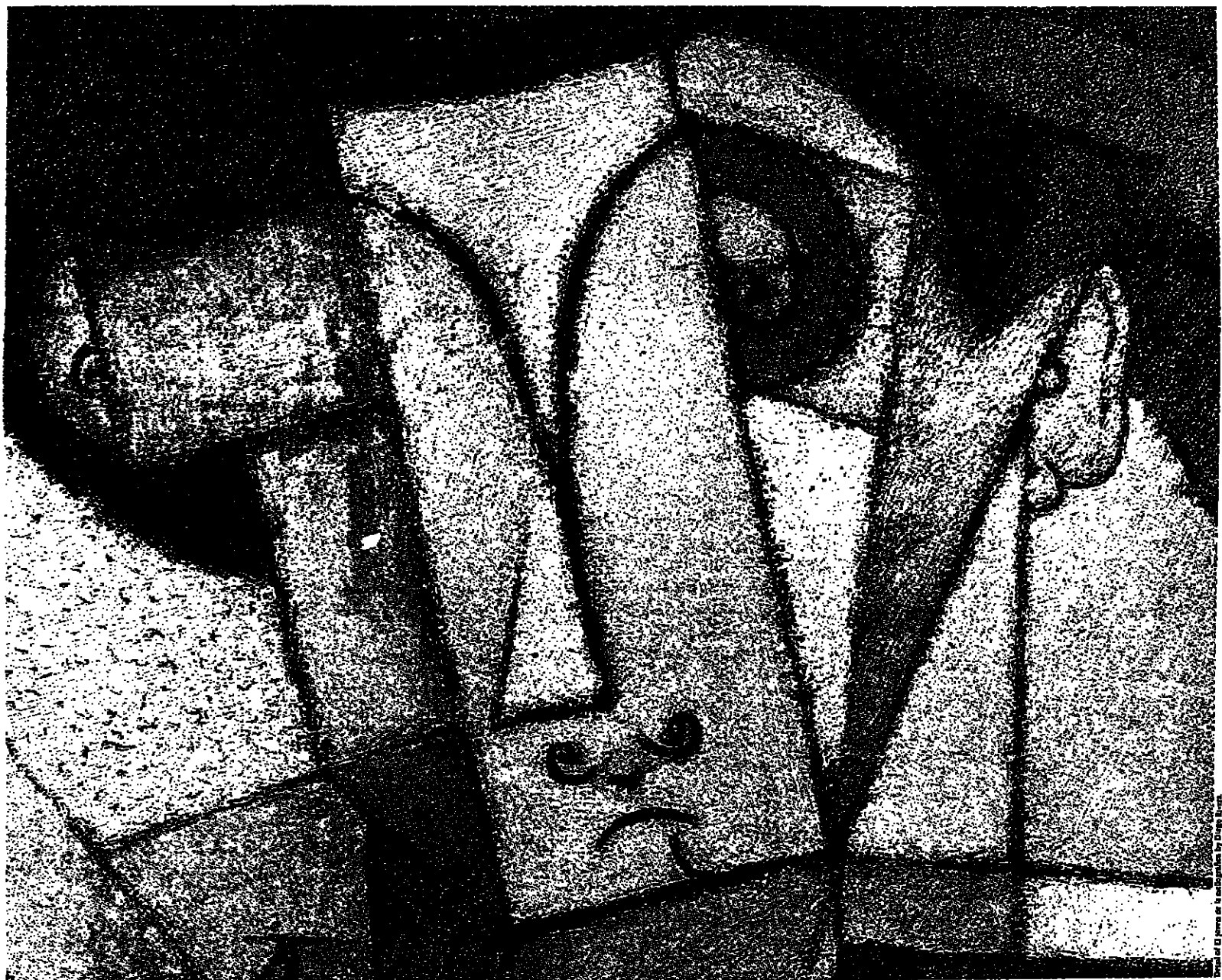
The decline in Germany is even more serious for the research-based drugs groups selling patented products. This

is because the headline figures mask a considerable increase in prescribing of off-patent medicines by generics companies. The 11 per cent overall drop in sales compares with an increase of 9 per cent in West Germany during the first six months of 1992.

Prescriptions sales in France continued to grow, up from \$5.9bn to \$6.2bn, a rise of 7 per cent in local currencies in spite of government efforts to restrict prescribing. The UK market fell in dollar terms from \$2.7bn to \$2.5bn, but rose in local currencies by 11 per cent.

The US, the largest single drugs market, was sluggish, with growth of only 3 per cent, from \$17.5bn to \$18.5bn. That was in spite of an ageing population and the launch of innovative products.

The Japanese market was up from \$6.1bn to \$7.7bn - a rise of 13 per cent.



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## NEWS: THE AMERICAS

Senate bill paves way for \$2.5bn for former Soviet states

## US votes on Russian aid

By George Graham and John Gapper in Washington

RUSSIA yesterday agreed on terms for rescheduling \$1.1bn of debt repayments to the US, as the Senate passed a bill paving the way for \$2.5bn (\$1.6bn) of aid to Russia and the other states of the former Soviet Union.

The Senate voted overwhelmingly in favour of a \$13bn foreign aid bill and sent the legislation to President Bill Clinton for signature.

Within the \$2.5bn total allotted to the countries of the former Soviet Union, \$300m was specifically earmarked for Ukraine. Congress also renewed conditions it wants Russia to fulfil before its share of the aid is released.

The principal condition which Russia has not yet met is the withdrawal of its troops from Latvia and Estonia. The bill gives the president the right, however, to waive this

condition if he determines it is in the US national interest.

Congress has hurried to complete its work on the aid bill in an effort to demonstrate US support for President Boris Yeltsin in the power struggle in Moscow.

"It is in our best interest to put our faith and hope in democracy in Russia," said Senator Patrick Leahy, chairman of the Senate subcommittee handling foreign aid money.

"I think that the United States and the free world ought to hang in there with a person that is clearly the most committed to democracy and market reform of all the people now operating in Russia," added Mr Clinton.

Aid to Russia and other countries will, however, be cut by the amount of parking fines left unpaid by their diplomats in Washington.

Complex manoeuvring to find room for the aid package

within the tight constraints of the US budget meant that the bill needed to be signed into law by midnight last night, when the US fiscal year ended.

Meanwhile, Mr Clinton extended new trading privileges to Russia by adding it to the list of countries benefitting from the Generalised System of Preferences, while Mr Lloyd Bentsen, the Treasury Secretary, signed an agreement rescheduling Russia's bilateral debt with the US.

The agreement follows a similar bilateral arrangement between Russia and Germany covering \$5bn in repayments. Mr Alexander Shokhin, Russia's deputy prime minister, said Russia would pay close to \$1bn to its creditors in the Paris Club of lender governments in the next week, adding that Russia would also need to reschedule its \$18bn of debt service falling due next year.

Other elements of the foreign aid bill include authorisation for the White House to lift restrictions on the Palestinian Liberation Organisation, and to write off debts owed by low income countries.

It provides \$1.02bn for the International Development Association, the World Bank unit which provides low interest rate loans to the very poorest countries - less than the \$1.25bn a year which the US had pledged for the next three years.

As expected, the bill includes no money at all for the European Bank for Reconstruction and Development.

● Peter Norman adds from Washington: Mr Lewis Preston, the World Bank president, said the bank was "frustrated" in its lending efforts by constitutional problems in Russia.

He said some credits approved by the bank's executive board had not been activated. These included financial assistance for privatisation and a social safety net in Russia.

## Clinton approval rating up to 56%

PRESIDENT Bill Clinton, aided by the PLO-Israeli landmark accord and favourable reaction to his US health reform plan, has risen to a 56 per cent approval rating among US voters, Renter reports from Washington.

Mr Clinton, whose popularity plunged soon after he took office in January, has climbed back above the 50 per cent level for the first time since April, according to the poll by CNN, USA Today and Gallup. It found that 56 per cent of Americans approve of the way Mr Clinton is working, while 36 per cent disapprove.

Mr Clinton took office in mid-January with 58 per cent approval, but fell to a record low of 37 per cent by June, after White House gaffes.

Americans appear to have renewed faith in his foreign policy skills, with 55 per cent approving, compared with 32 per cent disapproving. A poll last month - before Mr Yasser Arafat, PLO leader, and Mr Yitzhak Rabin, Israeli prime minister, came to the White House to sign guidelines on Palestinian self-rule - showed Mr Clinton with 46 per cent approval on foreign affairs.



Californian firefighters made progress yesterday in containing a fire that has burned more than 30,000 acres of brush in the Los Padres National Forest area and threatened the ranches of several celebrities. No damage or injuries were reported yesterday but the fire was only 30 per cent contained. Authorities believe cigarettes discarded by deer hunters started the blaze

## Argentine voters set to endorse reforms

Menem's liberalisation has become Peronists' biggest electoral asset, writes John Barham

THE RULING Peronist party in Argentina is virtually assured of victory in Sunday's mid-term congressional elections. Pollsters expect the government to take about 40 per cent of the votes, against 30 per cent for the opposition Radical party.

The elections, for half the 257 seats in the Chamber of Deputies, should confirm therefore the popularity of President Carlos Menem and his free-market economic policies, ensuring continued political stability to enable the government to deepen economic reforms.

In the four years since he took office, Mr Menem has implemented far-reaching economic liberalisation which has brought low inflation and rapid growth. These policies have become the government's biggest electoral asset.

Mr Manuel Mora y Aragon, a leading pollster, says: "Economics are fundamental. People may say the government has many defects, that it's inefficient and corrupt, but at least it does certain things well. You don't change horses in mid-stream."

Whatever the result, nobody expects economic stability to be affected. Mr Pedro Lacoste, a business consultant, expects inflation to continue falling to 4 per cent in 1994 from a forecast 8 per cent this year. Growth of 5 per cent this year is expected to continue into 1994.

But victory on Sunday will probably not be enough for Mr Menem to gain the support of the two-thirds of Congress he needs to change the constitution, which bans successive presidential terms, and run for a second term when his mandate ends in 1995. The Peronists hold only 45 per cent of seats in the Chamber of Deputies and the poll on Sunday is not expected to increase that.

Even so, Mr Menem intends to keep up the pressure for his re-election. He said on Wednesday he would call a plebiscite on the issue. This, however, would not be binding on Congress.

Whether or not he has to abandon his ambition to remain in office, the congress-

sional election result is likely to suggest he will remain sufficiently powerful to designate his successor, via presidential elections due by December 1994. The outcome of the elections on Sunday, in which all the main Peronist presidential candidates are participating directly or indirectly, will narrow the field.

Mr Eduardo Duhalde, former vice-president and now governor of Buenos Aires, Argentina's wealthiest province, should benefit from a decisive victory over the Radicals. A coalition assembled by Mr Ramon Ortega, governor of the poor north-western province of Tucuman, is expected to get 43 per cent of the vote, against 16

opponent in the 1989 presidential election, has the most to lose by a strong Peronist performance. Mr Federico Storani, a left-leaning politician, has campaigned well in the Peronist heartland of Buenos Aires province and could mount a credible challenge for the party leadership.

Senator Fernando de la Rúa, a veteran centrist politician, is underestimating the Radical effort in the city of Buenos Aires, where the party is traditionally strong. However, he has picked weak candidates and the Peronists - led by Mr Eran Gonzalez, a former economy minister - are expected to do well. Mr Mora y Aragon doubts fringe politicians on the extreme left and right will be able to gain much ground.

The Radicals are riven by internal divisions and will almost certainly pay the price with yet another electoral defeat - their fourth consecutive reverse. A rout in the 1987 mid-term elections led to the collapse in 1989 of President Raul Alfonsin's Radical government, amid hyperinflation and social upheaval.

The election on Sunday demonstrates the growing solidity of Argentina's political system. It is 10 years since the military returned government to the civilians after a fierce seven years in power. The stresses that led to six military coups since 1930 have largely disappeared. Despite widespread criticism of the arrogance and corruption of their politicians, few Argentines question the legitimacy of the democratic system.

Mr Lacoste hopes the government will seize the initiative and use its remaining 22 months in office to implement overdue plans to reform the rigid labour market, crack down on widespread tax evasion, and improve its inefficient and corrupt social policies.

Above all, the pace of liberalisation cannot slacken: "There is a great dynamism and flexibility, making many sectors competitive. It's a question of time, as country-risk declines. [Before] an infinity of projects will become attractive."



Menem: Announced plebiscite

per cent for the opposition.

The great unknown is the economy minister, Mr Domingo Cavallo, who has become Mr Menem's most powerful and most popular minister. He has fielded a trusted aide to lead the Peronist campaign in his home province of Cordoba, a Radical bastion. He has played a leading role in the campaign. If the Peronists perform well there, by running the Radicals close, then Mr Cavallo's supposed presidential ambitions - which he denies - will gain added strength.

The political future of three powerful Radicals is also in the balance. Mr Eduardo Angeloz, the conservative governor of Cordoba and Mr Menem's

## World Bank chief sees more cash needed for Palestinians

By Peter Norman, Economics Editor, in Washington

INTERNATIONAL financial support for the West Bank and Gaza Strip could be as high as \$2.5bn in the next five years, according to senior Israeli and World Bank officials.

Speaking on the eve of an international conference in Washington to co-ordinate support for the occupied territories, Mr Lewis Preston, World Bank president, said yesterday he believed the Palestinian regions could require about \$500m annually over five years.

Mr Jacob Frenkel, Israeli central bank governor, told the Financial Times that the territories' needs could be \$400m-\$450m a year in that period. Also, the international community needed to find a mechanism to inject resources into the territories in the short run, so as to provide support for



the peace process, he said.

These estimates mark a considerable increase in the medium-term, compared with earlier World Bank estimates of a \$30m financing required over 10 years.

The scaling-up reflects the anticipated higher costs of absorbing refugees returning to the territories, as well as spending on new infrastructure and institutions.

Mr Preston told a news conference that a World Bank mission will go to the territories next week to identify specific projects that need support. In the next two weeks, the bank's executive board will be asked

to authorise a \$50m two-year programme of concessional finance for the territories through the International Development Association (IDA), the bank's soft loan facility. The board will also be asked to approve \$4m technical assistance over two years.

Moves to bolster the economies of the territories shift into a higher gear today when officials from more than three dozen countries meet in Washington to pledge support to an international aid effort.

It is understood that the US is prepared to provide \$500m. The European Community has promised \$600m over five years. Japan has said it will provide \$200m over two years. Mr Frenkel said that Israel would also provide finance for the territories.

Mr Preston yesterday said the World Bank was willing to take over co-ordination of the

aid effort. However, there are legal problems to be overcome before bank funds can flow to the Palestinians.

The World Bank can only lend to entities with a government guarantee. This rule would seem to exclude lending to the territories, but there are precedents for other countries guaranteeing loans.

Some years ago, the bank lent to Papua New Guinea on the strength of an Australian government guarantee.

● Vietnam should obtain its first loan from the World Bank since 1978 in the course of this month.

Mr Preston told a news conference at the end of this year's annual meetings of the International Monetary Fund and World Bank that the bank expects to make a \$71m loan, as part of a total \$350m lending programme to Vietnam this year.

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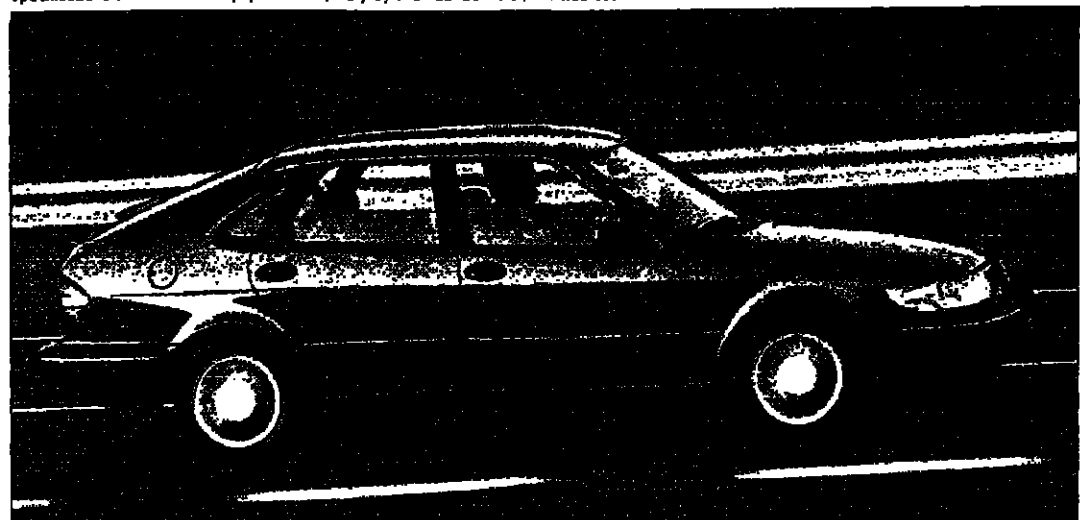
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## Brazil to review country's basic law

By Angus Foster in São Paulo

BRAZIL is due to begin next Wednesday what could be a profound constitutional revision, which the government and business leaders hope will help to solve some of the country's problems.

The revision, due to last at least until year-end, is in accordance with the 1988 constitution, which called for a review after five years. Even so, the revision was in doubt because of opposition by left-wing politicians and church groups, who fear it could undermine workers' rights.

Likely to be reviewed are bans on foreign investment in sectors such as mining, and government monopolies in telecommunications and oil. Proposals to amend workers' rights and job security for civil servants are unlikely to be tabled as they are politically too divisive.

The Congress voted late on Wednesday to initiate its review, after noisy protests from opposition groups. Under the process, the constitution can be amended by simple majority, compared with 60 per cent majorities in both chambers of Congress now required for any constitutional change.

Supporters of the review say it could help resolve economic problems such as the federal government's deficit.

They blame the budget deficit on large transfers, required by the constitution, from the federal government to states and municipalities. Reduction of these transfers, or of the federal government's other obligations, would bring down the deficit and help reduce inflation, they argue.

## TENDER FOR REPROGRAPHIC SERVICES

As part of its programme of Market Testing, the Employment Department would like to receive tenders from organisations which are capable of providing

## REPROGRAPHIC SERVICES

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Organisations interested in delivering this service should write for a tender pack from the address given below. Facsimile transmissions will not be accepted. The final date for receipt of tenders is the 15th November 1993. Tenders after this date will not be considered.

Reference R1, Colin Walker, Employment Department, Market Testing Unit, Room N316, Moorfoot, Sheffield S14 6PQ.



Handwritten text in Arabic script: "هذه امنه لخط"



## Output down in Japan for 23rd month

By William Dawkins in Tokyo

JAPAN'S industrial production fell an annualised 2 per cent in August, declining for the 23rd month in a row, the longest on record.

The decline was the smallest year-on-year drop in industrial output in any month since March, but not as severe as the market had expected.

Yet the recovery outlook is clouded by a 0.7 per cent month-on-month rise in inventories in August, the fourth consecutive monthly increase, said the Ministry of International Trade and Industry.

This indicates that production is still ahead of weak demand, despite a series of workforce reductions and curbs on output from Japan's largest companies. Stocks of unsold air conditioners, due to an unusually cool summer, were a factor in the inventory rise, said MITI.

"The economy is still crawling along the bottom and it is too early to say whether it will dip again or not," said a MITI official. Mr Geoffrey Barker, economist at Baring Securities in Tokyo, added: "There can be no autonomous recovery while inventory levels remain so bloated."

Month-on-month, industrial production fell 0.7 per cent in

August and is set to creep back by 0.7 per cent in September, only to subside again by 3.5 per cent in the following month, said MITI. The previous record for a fall in industrial output was a 20-month run of declines in the wake of the 1973-74 oil shock.

Not every sector is in hibernation, as shown by a 10.9 per cent year-on-year rise in housing starts for August, reported by the Construction Ministry yesterday.

That is the 15th monthly rise running, a reflection of the fall in interest rates and the impact of an increase in low-cost government housing loans. Applications for state-funded mortgages doubled from April to early August. The number of houses for sale rose 25 per cent in August after a 23.1 per cent rise in July.

However, the growth in housebuilding was not enough to lift the construction industry from its recession in August. Japan's top 50 contractors reported a 25 per cent decline in August orders, the seventh month running in which they have seen order books shrink. A spate of scandals, resulting in the arrest of executives from five leading construction companies over the past two weeks, has dampened activity.

## LDP haggles over policy in unfamiliar opposition

By Robert Thomson in Tokyo

JAPAN'S Liberal Democratic party, which ruled for 38 years until this summer, spent its first national convention as an opposition party haggling over what policies should be opposed and angering its elders by proposing that a mandatory retirement age be introduced.

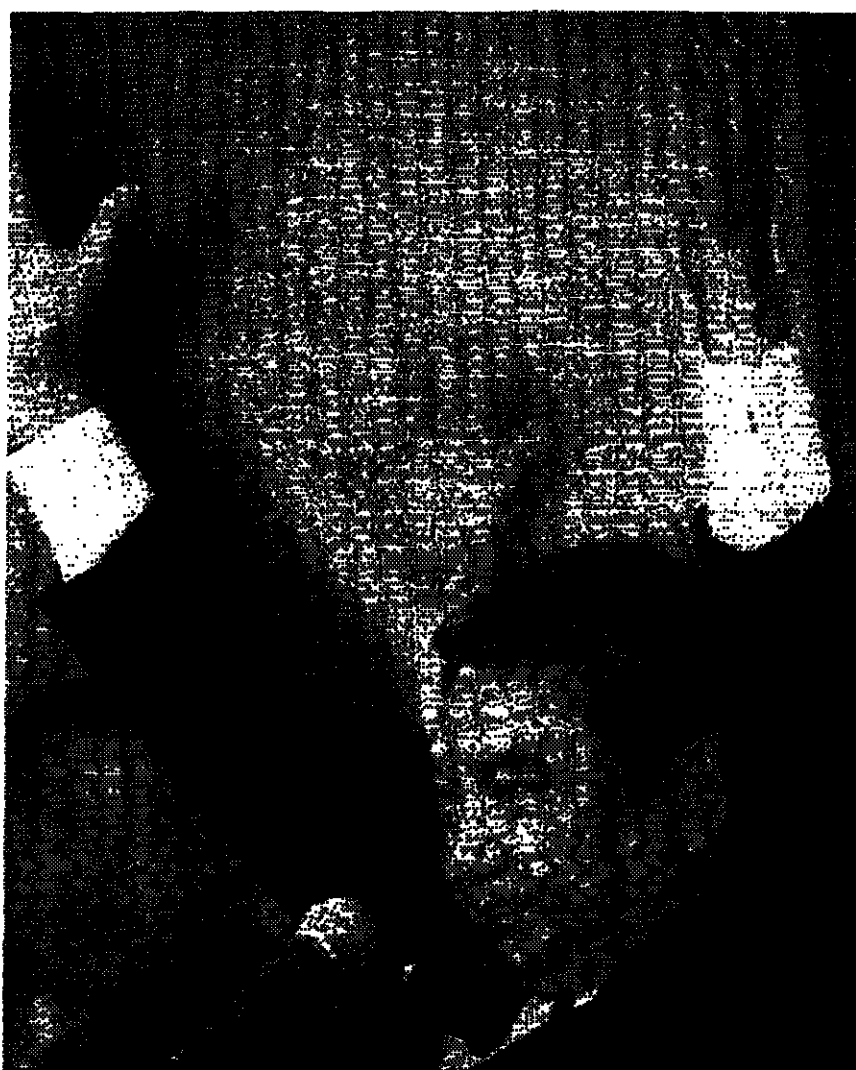
The LDP has yet to come to terms with life in opposition, and the party's confidence has been eroded by fears that public prosecutors will soon arrest a few of its MPs for funding offences committed while in government.

Prosecutors yesterday arrested a fourth executive at Shimizu, a leading contractor, for his role in the alleged bribery of a prefectural governor, who has been charged with accepting ¥55m (\$344,000) in bribes from another construction company, Hazama.

During the convention, Mr Hiroshi Mitsuoka, an LDP faction head, was questioned by delegates over his links to a separate incident, the arrest this week of Mr Shuntaro Honma, governor of Miyagi, north of Tokyo, for allegedly accepting bribes from construction companies.

Mr Mitsuoka said he was surprised that Mr Honma allegedly collected ¥20m from a construction company for a recent election, as his advice to the governor was "wage a clean campaign". He now believes the party "should carry out a sweeping political reform".

But one of the reforms discussed at the convention was the abolition of factions, such as that presided over by Mr Mitsuoka, which have traditionally been used to raise funds for candidates and ensure that there is an orderly queue for ministerial appointments.



Yoshi Kono, Liberal Democratic party president, raises his arms in the traditional shout of "banzai" at the end of his party convention yesterday

Mr Yoshi Kono, the party's leader, said factions would be made redundant by the passage of political reform bills, though he is the member of a faction himself and owes his appointment to bloc voting by factions.

The party could not agree on whether an

age limit should be set for its candidates, and Mr Kono was uncertain whether he would punish senior MPs implicated in corruption scandals. He said the party must restore its scandal-tainted image, but then would not commit himself to a policy to expel members linked to scandals.

## Who Knows Whom to be SA bestseller

Patti Waldmeir on ANC links in a publishing joint venture

WHEN does a fledgling investment company with no track record, no assets to speak of, inexperienced management and no publishing expertise become the perfect joint venture partner in a potentially lucrative publishing deal? When that company has the probable future government of South Africa on its side.

Thebe Investment Corporation, a black-managed company which has strong links with the African National Congress, this week announced it had reached agreement with Macmillan of the UK to launch an educational publishing company. Thebe will own 42.5 per cent of the new company, Macmillan 47.5 per cent and an existing small black-owned publisher, Skotaville, 10 per cent.

Though all parties to the deal deny this, rivals believe that Thebe will use its excellent contacts with the ANC to see that the new company gets lucrative contracts to publish school textbooks - just as the ruling National party has for decades steered important public sector contracts the way of Afrikaner businesses which have in turn helped bankroll the party.

The party channelled state business to other members of the white tribe of Africa, with the aim of lifting Afrikaners out of poverty and strengthening their hold on power.

The Thebe deal has caused consternation in South African business circles, because the only apparent rationale for it is political. Many South Africans fear the country's new rulers will take their principles of governance straight from the National party.

Black empowerment - the mirror image of Afrikaner upliftment - is Thebe's primary goal, says Mr Vusi Khanyile, managing director. Mr Khanyile was formerly head of the ANC finance department; another member of the Thebe board, Mr Tokyo Sexwale, is a chairman of the ANC in the powerful region around Johannesburg and is one of its most prominent leaders; a third board member, Mr Enos Mabasa, has strong personal links to the ANC though he holds no official position.

Mr Nelson Mandela, ANC president, and Mr Walter Sisulu, deputy president, are trustees of the Batho-Batho trust, Thebe's sole shareholder. Mr Khanyile angrily denies

suggestions that Thebe is an ANC company, and insists that the political affiliation of Thebe board members is irrelevant.

"Our links with the ANC have nothing to do with the viability of our business or the market share it will have," he says, denying that Macmillan can expect privileged access to the R500m (£100m) educational publishing market.

Still, he adds: "Business must ensure that it is in harmony with the environment in which it operates. Thebe tries to remain in harmony with that environment. So we wouldn't go out of our way to make enemies with any political organisation."

Thebe was set up late last year, relies almost entirely on loan capital and has been plagued by frequent press reports of financial problems and alleged irregularities since its launch. Asked why Macmillan should strike a deal with a company such as Thebe, Mr Khanyile says only that Thebe is the biggest black investment company.

This claim is impossible to assess, as Thebe discloses no financial details of its operations. In any event, Thebe is not the only black company Macmillan could have chosen. It is simply the best connected.

Mr Christopher Paterson, chairman of Macmillan's southern African operations, says of the deal, which will involve an initial investment of R2m from the three partners: "It is a conscious act to come in and address the balance in educational publishing by starting a company which in its demographic make up reflects that of South Africa" and which gives a high priority to black employment.

Other businessmen dismiss these as "pious platitudes". One director of a leading company says: "It's but a step to a Nigerian situation where no business is done on commercial logic. It's all done on... who you know."

"Thebe adds no value to this deal," says another. "It could well lend itself to abuse."

A disgruntled publisher adds: "One group of nationalists are just taking over the levers of power from another group of nationalists." Many fear that in this, as in other areas of public life, the new South Africa could end up having far too much in common with the old.

## UN sends biggest weapons team to Iraq

By Mark Nicholson in Cairo

MR ROLF EKEUS, United Nations envoy, is due to arrive in Baghdad today on a mission to persuade Iraq to begin implementing a permanent, long-term UN monitoring of its weapons programmes - an agreement to which could pave the way to the lifting of sanctions.

Mr Ekeus, head of the UN special commission on Iraq's weapons of mass destruction, will join the biggest team of

weapons inspectors to visit Iraq since the Gulf war, which yesterday began what it hopes could be a definitive investigation of Iraq's existing weapons capabilities.

The combined UN effort - perhaps the most critical since inspections began immediately after the war - comes amid signs that Iraq's political and financial stamina in weathering the three-year-old sanctions may be failing, and that President Saddam Hussein is

trying with greater urgency than ever to win back the right to export Iraqi oil.

The 50-strong UN team will spend more than a month making surprise visits to declared and undeclared weapons sites, verifying information provided by Iraq during high-level technical talks on their military programmes held this month at the UN in New York.

Iraq also promised to hand over details of the complex and secret international supply net-

work which fed its chemical, biological, ballistic and nuclear weapons programmes before the Gulf war - data Iraq has otherwise withheld.

Full co-operation by Iraq during the inspection could thus go a long way to satisfying the UN that Baghdad had

destroyed all weapons of mass destruction prohibited under the terms of UN ceasefire resolution 687. Provision of procurement details is considered vital to prevent Iraq from

rebuilding its military machine. "This inspection is expected to provide us with enough information for us to close a chapter," Ms Anne Hecht, a special commission official, said from Bahrain.

Iraq last week agreed that video cameras, installed at two missile test sites as part of the long-term monitoring, could be switched on - a move Mr Ekeus made a condition of his visit to Iraq to continue the technical talks.

## Poll wants Patten to dilute plan

By Simon Davies in Hong Kong

AN OPINION poll released on the eve of the meeting today between the foreign ministers of Britain and China to discuss political proposals for Hong Kong has indicated that the people of the territory want to see the democratic blueprint of Governor Chris Patten proceed rapidly, but in a diluted form.

A University of Hong Kong poll found that 52.5 per cent of respondents wanted Mr Patten to put his proposals before the Legislative Council (Legco), the colony's parliamentary body, as planned in mid-October. Such a move would draw an aggressive response from China. Few, however, wanted the proposals to proceed unchanged.

While Mr Patten will be able to draw encouragement from the response, investors continued to speculate on the fate of the proposals. The Hang Seng Index, the main barometer of market sentiment, rose 125.12 points to an historic high of 7,678.22 amid suggestions that Britain was preparing to make substantial concessions to China over the Patten plans.

The stock market rise was in part a reaction to a letter sent to British Foreign Secretary Douglas Hurd by Mr Martin Lee, leading pro-democracy Legco member. Mr Lee wrote: "It is widely suspected that the British government does not have the backbone to follow through on its moral and political obligations to us and is on the brink of total capitulation to Beijing." Brokers take this as a positive sign.

Tension has been mounting ahead of the New York meeting between Mr Hurd and Mr Qian Qichen, his Chinese counterpart, and the governor's address to Legco on October 6.

## UN chief seeks Libyan handover

By Mark Nicholson in Cairo

MR Boutros Boutros Ghali, the United Nations secretary general, was last night seeking an undertaking from Libya to set a time and place for the handover of two men suspected in the Lockerbie bombing. UN diplomats yesterday said Mr Boutros Ghali wanted a commitment to hand the pair over within two weeks.

However, the diplomats confirmed that Britain, France and the US would this morning present a draft UN resolution calling for tougher sanctions against Libya, given Tripoli's failure to hand over the suspects before today's deadline, set by the three on August 13.

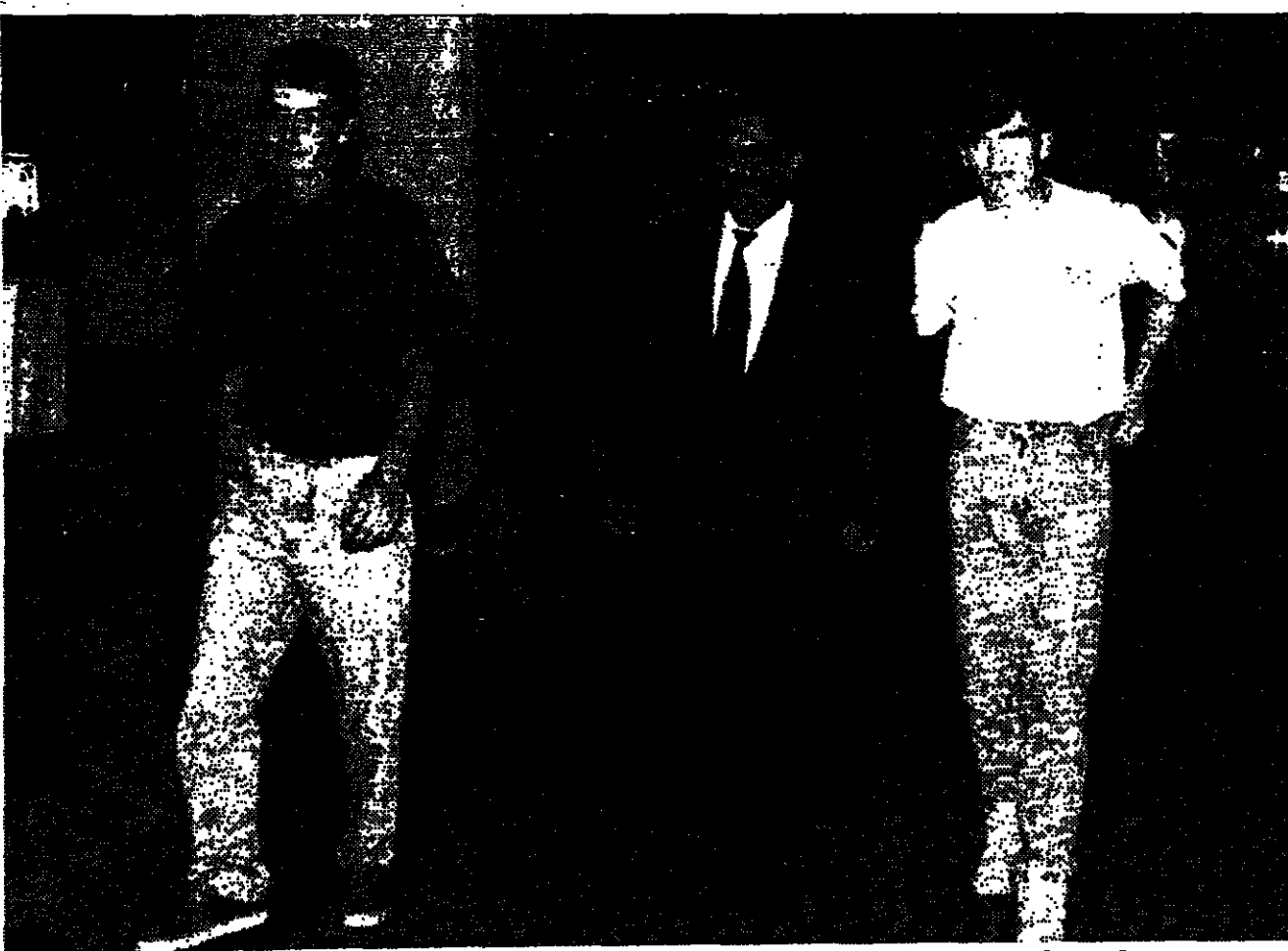
The resolution will be circulated around the 15-member Security Council immediately, but is unlikely to go to a vote for up to two weeks. It calls for the freezing of Libyan assets held overseas, estimated to be worth \$6.5bn (\$2.2bn), and a ban on all exports of oil and refined equipment.

Mr Boutros Ghali was due last night to hold his third meeting in a week with Mr Omar al-Muntasser, Libyan foreign minister, and hoped to receive the undertaking in a letter from the Libyans. The meeting follows a Libyan statement on Wednesday that the government "had no objection" to handing over the two men for trial in a Scottish court, but that the decision to stand trial lay with the two men, Mr Abdel Baset Ali al-Megharhi and Mr Amin Khalifa Fhimah.

In Tripoli, lawyers for the two suspects said they would meet the men on Monday or Tuesday to offer advice as to whether, in their view, the pair would receive a fair trial in Scotland. "It will then be up to them to decide," Mr Ibrahim Legwell, one of a team of defence lawyers, told Reuters.

British diplomats said last night they would become convinced of Tripoli's willingness to submit the two men to trial only when they were physically handed over. "We're interested in actual activity, not just letters," said one.

But the sincerity of Libyan intentions was clouded slightly further yesterday by an attack in a Tripoli newspaper on the Foreign Ministry's stated willingness to allow the two men to be extradited.



Paul Ride (right) and Simon Dunn (left), Britons held by Iraq, on their way to a press conference in Baghdad yesterday

## Envoys not hopeful on jailed Britons

TWO British diplomats left Baghdad yesterday, saying they saw little prospect of an early release for three Britons early jailed in Iraq for illegal entry. Reuter reports from Baghdad.

Later in the day, Iraq organised an unprecedented news conference by two of the Britons, but it was not immediately clear whether it pointed to any change in their status.

"It is clearly a political issue. Iraq is doing an injustice by detaining them," Mr Mark Le Goy, a consular official, told Reuters as he left for Jordan.

Mr Paul Ride and Mr Simon

Dunn, two of the prisoners, later told the news conference at a Baghdad hotel they were victims of circumstance.

"I am a victim of the situation whereby there is an area which is disputed. I was allowed to proceed as a civilian into a military disputed area, without being advised that I was approaching it or Iraq," Mr Ride said.

The two men said Kuwaiti border guards had not stopped or warned them, but Mr Ride added: "There is no point in apportioning blame." Mr Ride, Mr Dunn and Mr Michael

Wainwright are in Abu Ghraib prison, west of Baghdad. Mr Ride is serving seven years and Mr Dunn eight for entering Iraq illegally from Kuwait.

Mr Wainwright, serving 10 years for cycling in via Kurdish rebel-held areas in the north, did not attend the news conference. "He is a little bit tired," Mr Khalid Jarjees, the Britons' lawyer, said.

Iraq last week released three Swedes jailed on similar charges, after Sweden's king had made a personal appeal to President Saddam Hussein. Iraq has demanded that

Britain unfreeze Iraqi assets in British banks, in return for the three men's freedom. Britain has ruled out any deal.

AP adds from Nicotia: Convicted PLO gunman Ian Davidson, a Briton imprisoned eight years ago for killing three Israelis here, was freed yesterday and put on a flight to London, officials reported.

Mr Davidson, 35, from South Shields in north-east England, was pardoned by Cypriot President Glafcos Clerides on Wednesday, to mark the anniversary of the island's independence from Britain.

## Chinese airliner hijacked to Taiwan

A CHINESE man accompanied by his wife and their six-year-old son hijacked a Chinese airliner carrying 69 people to Taiwan yesterday, the fourth such hijacking in six months, Reuter reports from Taipei.

The man, armed with a knife and carrying two bottles of ink which he claimed were explosives, hijacked the Sichuan Airlines jet while it was on a domestic flight from China's northeastern city of Jinan to Guangzhou.

The couple and their son, saying they wanted asylum in Taiwan, surrendered to police soon after the airliner landed at Taipei's international airport.

Mr Jason Hu, Taiwan government spokesman, rejecting a request by Beijing that the hijacker be returned to China immediately, said he would be tried for air piracy in Taiwan.

Chinese aviation officials have accused Taiwan of indirectly encouraging the hijackings by its refusal to send the hijackers back to China, where they would probably face the death penalty. Mr Ma Ying-jeou, Taiwanese justice minister, indicated yesterday that the island might eventually agree to repatriate hijackers in order to deter future incidents.

Newspaper reported alleged coup plot against king

## Jordanian editor faces charges

JORDAN has charged a newspaper editor with contempt of court over coverage of an alleged coup plot against King Hussein days after arresting a reporter for the same offence, Reuter reports from Amman.

Mr Mohammed Hijazi, state security court prosecutor, said Mr Jamil al-Nimri, editor of the Arabic-language weekly al-Ahali, would appear in civil

court on charges of contempt of the judiciary, publishing court proceedings influencing a trial and breaching publications laws.

He said a reporter for the newspaper held in jail for interrogation since Sunday on the same charges was released on bail yesterday.

Mr Nimri had been charged because he was responsible for the newspaper's coverage, he

added. Ten people, including five military cadets, are standing trial on charges of plotting to kill King Hussein in an alleged Muslim fundamentalist-inspired coup.

A new press law restricts journalists from reporting full details of testimony and other statements in the open court. The vaguely-worded law has been open to interpretation by news organisations.

## New Zealand may cut UK link

THE NEW ZEALAND government said yesterday it would abolish a key link with the British legal system and perhaps follow Australia's move towards becoming a republic, Reuter reports from Wellington.

Mr Jim Bolger, prime minister, said New Zealand would cut its legal link with Britain's Privy Council, the highest court of appeal for New Zea-

landers. "That's something that's being talked about in New Zealand and I'm sure we'll do that reasonably soon," Mr Bolger said on television. "It's part of nationhood in the sense of being totally in control of our own judicial system."

But he played down comments by Foreign Minister Don McKinnon that it might also dump the monarchy, saying:

"It's not an issue the public are excited about in New Zealand." Mr Paul Keating, Australian prime minister, has unveiled plans to abandon the monarchy and turn his country into a republic by the year 2000. Mr McKinnon told Radio New Zealand that Wellington might follow Australia - "Not with the same enthusiasm, but maybe [ending] up at the same destination a few years later."

## Australia to face budget 'showdown'

By Nikk Tait in Sydney

AUSTRALIA'S opposition coalition yesterday gave notice that it intends to declare a debating "showdown" over the government's proposed budget bills next Tuesday, when the Senate resumes.

The proposed finance package - now split into eight separate bills - has been stalled for six weeks, because the government has been unable to secure necessary support from two minority parties - the Green party and the

Democrats - which hold the balance of power in the Senate.

In a further effort to secure the budget's passage, Mr John Dawkins, the treasurer, has offered to phase in an increased sales tax on wine over a five-year period, and to provide cash grants, marketing funds and some other concessions to wine makers. The tax, as it stands, has been condemned by the wine industry, and has been universally rejected by the opposition and the two minority parties.

The response from the wine industry is

proving mixed. Small wine makers yesterday expressed some interest in the Dawkins compromise, while the Winemakers Federation of Australia has rejected the deal. Mr John Hewson, opposition leader, said the coalition would continue to hold the line on the wine tax rise.

The government has meanwhile insisted it will delay any implementation of the personal tax cuts contained in the budget unless the Senate passes the proposed indirect tax increases by October 21.



## NEWS: UK

## Exports of UK steelwork up 20%

By Andrew Taylor, Construction Correspondent

BRITISH exports of steelwork for construction have risen by up to a fifth since sterling left the exchange rate mechanism last September, manufacturers said yesterday.

Invitations to tender for international contracts have risen even faster, according to a survey of orders received by the 12 largest UK construction steel producers.

The study, by British Constructional Steelwork Association, showed companies had received international invitations to tender and requests for price quotations involving more than 400,000 tonnes of steel since last September. This compares with 20,000 tonnes the year before.

Just over half the inquiries to tender have come from Europe, particularly eastern Germany where construction demand has risen sharply.

The association measures inquiries for jobs involving 750 tonnes or more. A medium-sized supermarket would involve about 200 tonnes.

Mr Robin Booth, managing director of Bolton-based Booth Industries, said some continental companies with orders in the Middle East and Far East had bought cheaper UK steel in order to make the jobs more profitable.

Mr Rollo Reid, director of John Reid & Sons in Dorset, said: "Exports fell sharply after the Gulf war but have started to pick up during the past 12 months. East Germany and Poland, where there is a strong demand for British steel, have been particularly good markets."

Since January, the company has generated overseas sales of £6m, overtaking the £5m earned in 1992. "We have been quoting prices up to 25 per cent lower than local German fabricators," said Mr Reid.

Mr Joe Locke, managing director of Watson Steel, part of the Amec construction group, said: "Opportunities to bid for international work have increased considerably following sterling's devaluation. The largest order we have won since leaving the ERM is a £2m steelwork contract for a clothing distribution warehouse in northern Germany."

"British firms have much more expertise in erecting buildings with steel frames compared with the rest of Europe. This has allowed us to develop a technological lead in a number of areas which, allied to our advantages on price, is helping us to win valuable international work at a time when orders in the UK have been in short supply," said Mr Locke.

Conference delegates will hear party chairman stress policy links with the 1980s and soothe Major's critics

## Tories offer olive branch to Lady Thatcher

By David Owen

CONSERVATIVE party chiefs are planning to offer an olive branch to Baroness Thatcher, the former prime minister, in an attempt to orchestrate a show of unity at next week's annual conference in Blackpool.

Sir Norman Fowler, the Tory chairman, intends to use his speech on the opening day of the conference next Tuesday to emphasise the continuity between current policies and

the Thatcher reforms of the 1980s.

Sir Norman, a long-serving cabinet minister under Lady Thatcher, is likely to argue that her admirers have no reason to be hostile to the current leadership of Mr John Major.

This year's conference comes with the prime minister's position under threat after the party's disastrous performance in two recent by-elections.

Morale has been further sapped by an increasingly bitter internal argument over tax

and spending ahead of next month's Budget. Combined with the continuing rift over Europe, this has given the impression of a party ravaged by civil war.

Lady Thatcher fanned the flames earlier this week by criticising the government's plans to extend value added tax to domestic fuel during a speech to party activists in Southend.

Party leaders are now bracing themselves for an interview with the former prime

minister to be published in this week's Sunday Times, which is to start serialising her memoirs on October 10.

It is possible that if she lashes out again, the plan to accord her a warm welcome next week may be abandoned.

Lady Thatcher is expected to arrive in Blackpool on Wednesday night and to appear on the conference platform the following day to attend debates on employment and the economy.

This means she is likely to be present when Mr David

Hunt and Mr Kenneth Clarke, two of the most left-leaning members of Mr Major's cabinet, are speaking.

The chancellor is almost certain to face calls both to rethink VAT on fuel and to rule out Budget tax increases altogether.

Even if the leadership's plans to mend fences with Lady Thatcher are successful, there will be no shortage of opportunities for the party's divisions to spill into the open. Mr Norman Lamont, the for-

mer chancellor, plans to address a fringe meeting on Thursday, just three weeks after his scathing criticism of current policies in a daily newspaper.

Lord Tebbit, the former party chairman, will also be active with three fringe appearances, culminating in a debate with Mr Clarke on the future of Conservatism.

Mr Robin Cook, the shadow trade secretary, yesterday launched an attack on the City of London for "short-termism"

and "its obsession on growth through acquisition". He called instead for a long-term policy of investment in industry.

He told the Labour party conference in Brighton that business practice needed to be overhauled to reverse the UK's decline in manufacturing industry.

Hostile takeovers were singled out for particular criticism, although the number of mergers and acquisitions has fallen significantly over the past year.

## US miners join UDM British Coal bid

By David Lascelles, Resources Editor

JIM WALTER Resources, a US coal mining company, is to join a consortium of the Union of Democratic Mineworkers and East Midlands Electricity to bid for British Coal in next year's privatisation.

JWR, based in Alabama, is a subsidiary of Walter Industries, a building materials company which has taken refuge in Chapter 11 of the US bankruptcy code, following the launch of a \$3bn asbestos lawsuit against it. The company claims that the suit is without merit, and it expects to win the case when it reaches the courts in December.

Walter Industries was the subject of a \$2.4bn Wall Street buy-out in 1988. However, the asbestos lawsuit in 1989 prevented the company from making the asset sales necessary to service the large debt from the deal.

The company then went into Chapter 11, which protects it from its creditors while it reorganises its affairs. Mr Neil Great-



RISEING PROBLEM: Engineer Dave Gowan pictured sinking a borehole for the National Rivers Authority to check water table levels in north-east England as scientists met to discuss the potential consequence of pit closures and the threat of rising mine water.

trex, the president of the UDM, said yesterday: "We've been aware of this case from day one, and we don't think it's been any embarrassment to us whatsoever."

Mr Bill Carr, the president of JWR, said: "With a good result we could be out of bankruptcy proceedings quite quickly. If it goes against us it will take a more protracted effort."

The three-party consortium,

which is being advised by investment bankers Kleinwort Benson, aims to put together an employee-led buy-out of British Coal.

It will study the details of the offer before deciding how many of the five parcels into which British Coal is to be divided it wants to bid for. But Mr Greatrex, whose union is based in Nottinghamshire, said that the parcel containing the

Midlands pits would obviously be of greatest interest. Finance for the bid would be provided by employees, who would put up a maximum of £2000 each.

Mr Greatrex said he had chosen JWR because they were the only potential partner out of 40 companies contacted who talked about the long-term future of British Coal.

"We are not looking for people wanting to make a massive

profit and get out," Durham-born Mr Carr, who spent his early life working for British Coal, said that UK mines were similar in geology, depth and gas to those worked by his company in Alabama.

Yet JWR's productivity was twice that of British Coal, and he believed that JWR could bring greatly improved methods to its pits. He praised "the good work ethic" of the UDM.

## Scots fishermen seek end to EC quotas

SCOTTISH fishermen, who comprise the majority of the UK fishing industry, yesterday put forward a package of measures which they say would enable the government to scrap its highly unpopular scheme for restricting the number of days they may spend at sea, which is due to come into force in January.

In what could be a significant concession they say they would be prepared to accept limits on the amount of time they spend at sea, provided the UK abandoned the system of quotas on the quantity of fish they can catch, which is a central part of EC policy. The

James Buxton on a radical scheme put forward to help reduce the UK's fleet capacity 19% by 1996

package of proposals, others of which are less radical than the scrapping of quotas, was put forward yesterday in response to an invitation from Mrs Gillian Shepherd, the Agriculture Secretary, who had asked fishermen's organisations for their own suggestions on alternative ways of reducing the UK's fish catches.

Fishermen believe that the restrictions on the number of days they may spend at sea will cause them severe hard-

ship. They object to the quota system which they believe has shaky scientific justification and which obliges them to throw back fish which they have caught in excess of their quotas.

The Scottish Fishermen's Federation proposes that the government abandon quotas, either unilaterally or in agreement with its EC partners. A "more equitable sea time system" would be introduced, but fishermen would be entitled to

sell all the legally sized fish they have caught.

The federation accepts that this is a radical long term proposal but says it could be launched with an experimental one year moratorium on quotas.

For the short and medium term the federation proposes a number of measures. It says the government should speed up the government's £25m decommissioning scheme for fishing boats from three years

to two and put more money into it.

Fishermen should be obliged to use nets which allow more fish to escape. Areas of sea with large number of juvenile fish could be closed to fishing. Fish salesmen, buyers and transporters should be licensed in the same way as boat owners, and there should be a change in the way the fishing capacity of the fleet is calculated.

The federation believes its suggestions would still enable the government to meet its target of cutting the UK's fishing fleet's capacity by 19 per cent by 1996.

## Britain in brief



## Progress over Canary Wharf plan

Canary Wharf, the Docklands office scheme developed by Olympia & York downstream from the City of London, that went into administration in May last year, cleared one of the last hurdles on its way back to normal trading when unsecured creditors voted unanimously in favour of a restructuring package.

Once Canary Wharf comes out of administration, its corporate structure will be reorganised under a new parent company, called Sylvester Investments, controlled by the banks.

The 1400 unsecured creditors agreed to approve company voluntary arrangements which will allow them to be paid up to 15p in the pound. A further 25p in the pound will be paid to 130 construction trade creditors to provide warranties on work that has already been done.

The approval of the restructuring package by the unsecured creditors was necessary to allow the £1.1bn refinancing deal agreed by Canary Wharf's banks to go ahead.

## Works councils for Ford plants

A European works council is to be established at the Ford motor company covering its 100,000 employees in Britain and on the continent. The works council will contain representatives from all the Ford plants in the UK, Germany, Portugal, Spain and Belgium.

At present there are around 25 European-wide company works councils, mainly in French owned enterprises. Up until now Ford has opposed the idea of a works council covering all its European operations.

## Gatwick train choice begins

Travellers between London and Gatwick Airport will be offered a choice of rail services from Monday, as competition comes to British Rail in the run-up to railway privatisation.

Gatwick Express, the non-stop airport link due to be privatised next year, will face competition from two other divisions of BR. A seven-year franchise to run the express service, one of the few profitable routes on offer, will be put up for sale in April. Until then, the service will be run as a "shadow franchise".

## New flights out of Manchester

British Airways is to introduce a Boeing 767 aircraft on its hourly Manchester-London shuttle to cope with rising demand. The aircraft has 247 seats - 52 more than the Boeing 767 aircraft it will replace during the morning and evening rush hours. British Airways Regional also announced a new six-days-a-week service

## Omega HQ for Salford

Omega Engineering, the Connecticut-based manufacturer of process control technology, is to set up a European headquarters in Salford, near Manchester. About 500 jobs will be created over 10 years, more than 300 of them by the mid-1990s. The government agency which markets the site, is putting £3m of public money into the £25m project. It was Omega's inward investment against intense competition from Germany, France, Italy and other parts of Britain.

## Plans to veto waste directive

Britain will try to block a new European directive on waste disposal at next Tuesday's European Council meeting in Luxembourg, Mr Tim Yeo, environment minister, said.

The European Commission should not attempt "pseudo-harmonisation" of environmental standards which could "properly be dealt with by member states themselves", he said. Mr Yeo has been an outspoken advocate of subsidiarity. The proposed directive would restrict the practice, common in the UK, of burying industrial waste together with organic household rubbish.

## German unit creates jobs

A German component manufacturer announced plans to increase its workforce at its Birmingham plant to meet increasing demand from UK car makers, particularly Jaguar. Schade UK, a wholly-owned subsidiary of the Dassel-based group, plans to hire 100 additional workers, which supplies body trim, mouldings and windows to Jaguar, Rover, Vauxhall and Ford.

## SFO drops Polly Peck

The Serious Fraud Office effectively ended its Polly Peck prosecution when it dropped all charges against Mr John Turner, the company's former group accountant originally due to stand trial alongside Mr Asil Nadir, the fugitive businessman.

The criminal proceedings against Mr Nadir remain active and the SFO insisted it would bring the Polly Peck chairman to trial if he could be brought back from northern Cyprus where he fled in May.

## Firefighters close to deal

A settlement of the threatened dispute in Britain's fire services is likely today when local authority employers are expected to agree to honour the firefighters' pay formula in full. "We are on the verge of a deal," said Mr Ken Cameron, Fire Brigades union general secretary.

## Labour still needs to win over the aspiring south

John Smith may have beaten the unions but now he must appeal to the electorate, writes Philip Stephens

SO HE WON. Just. At one minute to midnight enough unions and constituency delegates stepped back from the abyss to give Mr John Smith a knife-edge majority for his proposals to loosen Labour's institutional links with the trades unions.

The vote could not have been closer. Victory came only after a day of pleading, arm-twisting and desperation not seen at a Labour conference for a decade. For Mr Smith the result was no less important for that.

Most people are confused by the implications of a one-member-one-vote system for the selection of Labour's parliamentary candidates.

Mr Smith, in his last-ditch plea to the conference, said it would actually strengthen the union link. In words which will have been carefully noted at Conservative Central Office he declared unequivocally: "Let me make it clear that as leader of the Labour party I am totally committed not only to maintaining but to strengthening the vital links between our

party and the unions."

Mr Bill Morris of the powerful public service union, the TGWU, and Mr John Edmonds of the GMB general union said that it was the thin edge of a wedge which would prise apart the Labour party and the unions which gave birth to it.

Mr Morris and Mr Edmonds were closer to the truth. The process of separation reflected also in less controversial decisions to reduce the unions' voting power at conference and in election of the leader - is probably unstoppable. It might, though, take yet another general election defeat for it to come to fruition.

But the immediate significance of Wednesday's vote lay not in the arcane technicalities of the new voting system. Instead it was a question of Mr Smith's personal authority. In the jargon of headline writers the issue was "Who runs the Labour party?" Mr Smith does. The symbolism was all-important. He would have looked forward to yesterday morning's headlines to convey that message. So the leader has

received a significant boost. He was confronted by his party's most powerful paymasters. He did not blink. Messrs Edmonds and Morris must now find another way to secure a prominent place on the news.

But one-member-one-vote is not enough for Mr Smith. He set victory in Brighton as the

## Victory came only after a day of pleading, arm-twisting and desperation not seen at a Labour conference for a decade

condition for defeat of the Conservatives at the next general election. It was necessary but it was not sufficient.

There has been much else this week to depress those in the shadow cabinet who have argued now through election defeats that it is not enough for Labour to underpin the help of its natural supporters.

Most of the speakers have been looking inward - addressing the 30 per cent of the elec-

torate who will probably vote Labour anyway. The other 10 or 15 per cent, the aspirant classes of southern England who will decide the election, have been largely forgotten. What, asked one of Mr Smith's colleagues, will the housewife in Basingstoke have made of all this? There are obvious

heaven tendency in the party. But the delegates who cheered each time a speaker rose to extol the virtues of Clause 4 public ownership, of union rights, and of spending, taxing and borrowing had signed up, it seemed, to a new "No more heaven tendency".

Others argued that a simple return to the prescriptions of the past would be enough. No one had the temerity to tell this conference that Labour needs the votes of millions of people who would never dream of joining a union.

The Labour leader is impatient with analyses like this. He believes some of the party's so-called modernisers have lost sight of the need to take their supporters with them.

He believes in the electoral force of the moral high ground, of leadership that people can trust. He senses that the undoubted anger of the electorate at unemployment, with insecure employment, with rising crime and with hard-pressed public services can successfully be exploited. He

used his main conference speech to stake out that ground. It was effective. He has the manner of a prime minister in waiting.

Mr Gordon Brown resents suggestions that his decision to stress the commitments to full employment and fair taxes mark an abandonment of his post-election strategy of restoring Labour to fiscal responsibility. The first two strands in the shadow chancellor's approach - that Labour wants low inflation as well as higher growth and will never tax for the sake of it - have not been snapped.

But Mr Brown's path has diverged this week from that of Mr Tony Blair - one of Labour's leading lights. Formerly they were like Siamese twins. Watching Mr Blair tour the Brighton fringe has been to see a politician frustrated by the complacency of those around him. The shadow home secretary has decided to stand firm on the ground of modernisation. The question is whether Mr Smith and Mr Brown will decide to join him.

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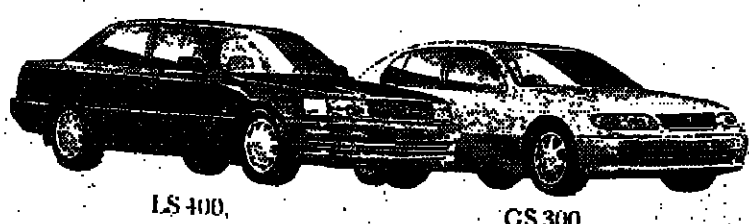
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## THE PROPERTY MARKET

Middle American shopping malls - symbols of the 1980s retail boom - are discovering a new lease of life on Wall Street.

In the past fortnight, two of the country's biggest private developers from the 1980s have disclosed plans to sell stakes in their retail property empires, in deals that could raise \$1.5bn between them. And although the yields on these public investment vehicles will be well below those available on similar private investments, there is no shortage of takers.

Real estate investment trusts (known as Reits) have been one of the big hits on Wall Street this year. They bring together two groups of people: debt-laden developers who need cash, and yield-starved investors who want a higher return than that available in the bond market and a liquid investment that is publicly quoted. Given the scale of the fees involved, Wall Street has been happy to play host to this party.

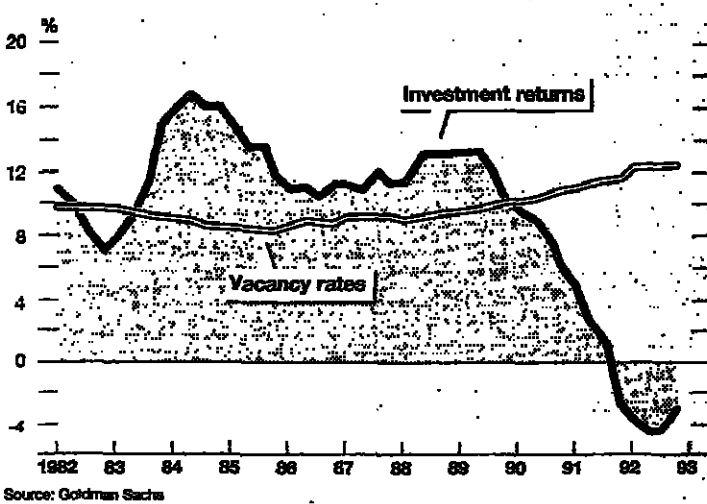
The latest developers to reveal their intention to go public are two of the most prominent names from the 1980s: Edward DeBartolo, an Ohio-based developer who has spent more than 40 years building a retail property empire in Middle America, and Melvin Simon who, with his family, has developed more than 100 shopping centres across the US. The Simon family will retain 51.4 per cent of its property investment vehicle, while DeBartolo will yield majority ownership.

Both have been driven by the need to pay off old bank debt. DeBartolo, who has been looking for ways to appease his bankers for the past two years, will use \$388m

# Hunt for bargains in the malls

Richard Waters explains the current popularity in the US of real estate investment trusts

## US retail property performance



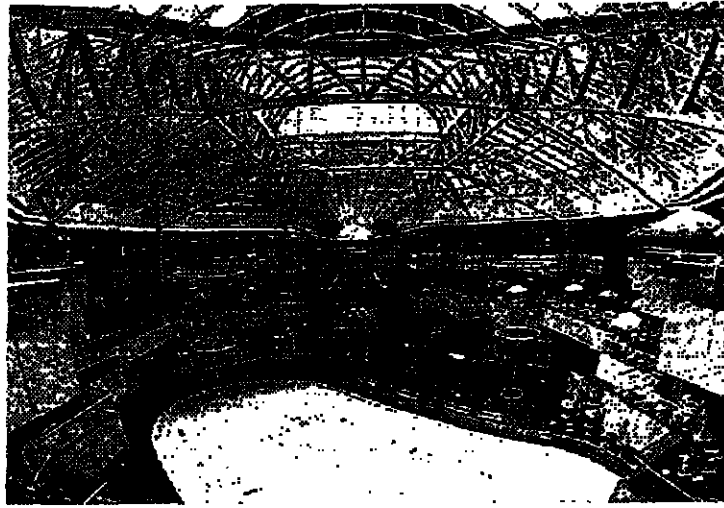
Source: Goldman Sachs

of the \$561m raised (after fees) to repay debt; he also plans to repay another \$396m of borrowings with a securitised debt offering launched at the same time. The Simon deal is similar: a net \$993m will be raised, \$240m of it through a debt issue, of which \$87m will be used to repay borrowings.

It is not hard to see why these and other developers have decided that now is the moment to go public to raise cash. After a rise in prices early this year, yields on Reits have fallen well below yields on comparable private property investments. By distributing 95 per cent of its

income in the form of a dividend, for instance, the promoters of the Simon vehicle say it will offer a yield of 7% per cent. Regional shopping malls and "community centres" (small shopping centres) of the type in the Simon portfolio might be expected to change hands in private transactions of yields ranging from 8% to 11 per cent, depending on the location, size and competitive strengths of each site, says Mr Christopher Budden, chief executive of Yarmouth Group, the property adviser.

With such a wide gap between yields in the public and private



America's shopping malls: enjoying a new lease of life on Wall Street

markets, it is possible for developers to pay Wall Street's not inconsiderable fees for going public and still come out ahead. The Simon Property Group deal, which is led by Merrill Lynch, will net the advisers and underwriters \$67m, or 8 per cent of the proceeds - and this for a what has become a fairly standard transaction. The DeBartolo transaction, led by Morgan Stanley, will raise around \$40m in fees. (Neither of these figures includes the fees associated with the debt securitisations which are also planned.) No wonder most investment bankers are quick to sing the praises of

Reits at the moment.

What do investors in public deals get in return for the hefty premiums they are paying? Liquidity, first and foremost: most Reit investments this year have been snapped up by small investors and mutual funds. Both groups have been prepared to pay for the opportunity to take a relatively liquid equity investment in real estate. The investment trusts also bring diversification: the DeBartolo portfolio contains 51 malls, the Simon one 110.

Beyond this, the main advantage claimed for Reits is that they are

worth more than the sum of the individual shopping centres they contain. They give investors the chance to buy into established management companies, which will use their experience to squeeze higher rental income out of the properties in future. That, at least, is the theory.

In the meantime, a more immediate concern for investors is likely to be whether rental income might fall in the near future, rather than rise. Two factors are at work:

● US retail sales continue to grow at only a sluggish pace, and a large part of the income of the shopping centres is tied to the sales of their tenants.

● Many smaller shopping centres are under pressure from the retail fad of the 1990s: the large discount store. Malls and other centres which do not have strong department stores to "anchor" them, by providing a focal point for customers, or which have big discount operations close at hand,

are most at risk.

Retail vacancy rates have already been creeping up since the mid-1980s (see chart). What this overall picture does not show, though, is where vacancy rates have been growing fastest, says Mr Budden - in the small, specialised retailers who yield the highest return for mall owners. As vacancy rates rise, rents inevitably fall (or, at least, stop rising) as mall owners struggle to hold on to those tenants that remain.

The DeBartolo portfolio of malls - considered one of the strongest currently on offer to investors - reflects these pressures. The overall vacancy rate of the centres rose from less than 7 per cent in 1988 to 15 per cent at the end of June this year.

With Wal-Mart stores and warehouse clubs sprouting across the US like mushrooms, where will it all end for the malls?

For the weaker ones, no doubt. Large Reits with well-spread properties, while benefiting from portfolio diversification, will not be immune to such pressures. But that is hardly something that will worry US investment bankers as they pocket their latest fat fees.

## Changes in property values (%)

	Retail	Office	Industrial	All
	Year to Aug 92	Year to Aug 92	Year to Aug 92	Year to Aug 92
Rental growth	-3.7	-0.2	-18.1	-0.9
Capital growth	-0.8	0.3	-7.5	0.4
Total return	7.4	1.0	2.2	1.2
Current yields	8.9	10.0	11.2	9.7

Source: FID Monthly Index, Investment Property Database

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Regeneration: Need to raise business birth rate.....Page II

# LANARKSHIRE

Friday October 1 1993

Enterprise Zone: The clock is already ticking.....Page III

Lanarkshire, at the heart of Scotland's central region, is the focus of government initiatives to revive its economy following the closure of the Ravenscraig steel works last year. Its enterprise zone is already attracting inquiries. Survey by James Buxton

## Foundations for recovery are in place

LANARKSHIRE, for decades identified with coal, steel and heavy industry, is seeking to acquire a new economic base and shed its grimy industrial image. The process could take 15 years or more, and so far only the first expensive building blocks have been laid. It is too early to speak of results.

This latest attempt in Britain to regenerate an area where the old industries are dying or have disappeared started in 1991 when British Steel began delivering heavy blows to the Scottish steel industry which had been the lifeblood of the northern part of the county, around Motherwell.

In little more than a year, at an accelerating pace as the UK recession deepened, British Steel closed the big Ravenscraig steel complex and shut down the nearby Clydesdale tube mill, making about 4,400 people redundant. It now employs only 1,100 people in Lanarkshire.

The speed with which the closures of the main plants came was a blessing in disguise. It forced Scottish politicians and the local community to face facts and embark on a recovery strategy, undistracted by the polemics which had dogged Ravenscraig for more than a decade.

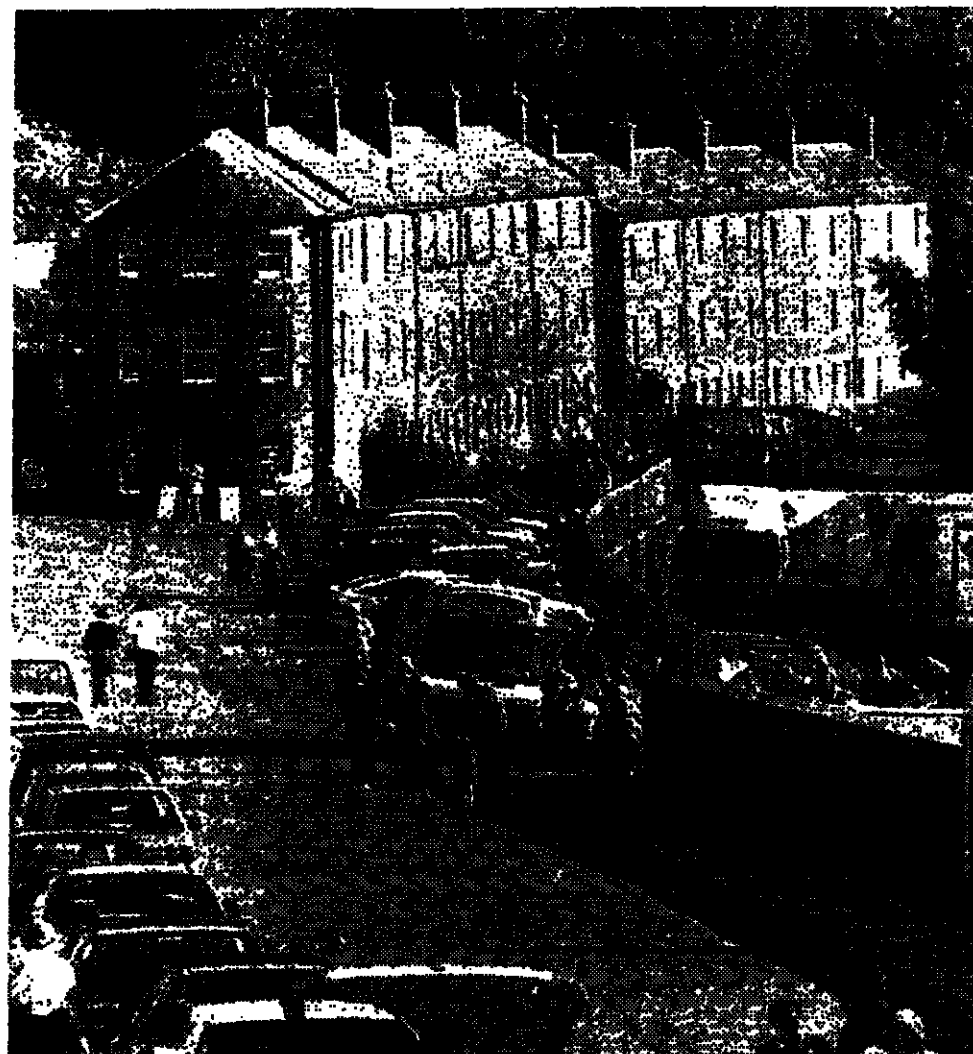
The continuing campaign to save Ravenscraig meant that until the middle of 1990, when the now privatised concern said it would shut the plant's hot strip mill, it would have been politically suicidal for any Scottish politician or development official to utter a word in public about reviving the area after the steel industry had gone.

Only in 1990 was a working group set up by the Scottish Office to consider Lanarkshire's future. The following year the Lanarkshire Development Agency (LDA) began operating.

There is, of course, much more to Lanarkshire than steel towns. The steel industry was concentrated in the heavily populated northern tip of the county, where towns such as Motherwell, Coatbridge and Airdrie are part of the Clyde-side conurbation.

But Lanarkshire - the county was abolished in 1975 but still exists in people's minds and is the area covered by the LDA - includes the town of Lanark, one of the cradles of the industrial revolution, and extends much further south into the southern uplands of Scotland.

In the upper Clyde valley the big economic issue is not



New Lanark: one of the cradles of the industrial revolution. The once derelict mill complex has been refurbished and transformed into a new look village which attracts thousands of visitors

Picture: Stewart Cunningham

industrial regeneration but improving the marketing of cattle and tomatoes. But nearly 90 per cent of Lanarkshire's 500,000 people live in the urban north of the county. West of Motherwell and Hamilton, separated by green belt, lies the prosperous, landscaped new town of East Kilbride with a cluster of big foreign-owned electronics plants.

The former steel towns are far from being places of dereliction. The Ravenscraig site, whose future is still to be decided, is a depressing scene. But the rest of the area is not one of oppressive decay or poverty, despite a number of derelict or vacant industrial sites.

Instead, the almost contiguous urban areas north of Motherwell look dreary, ill-planned and in need of better roads, better industrial sites and more open spaces.

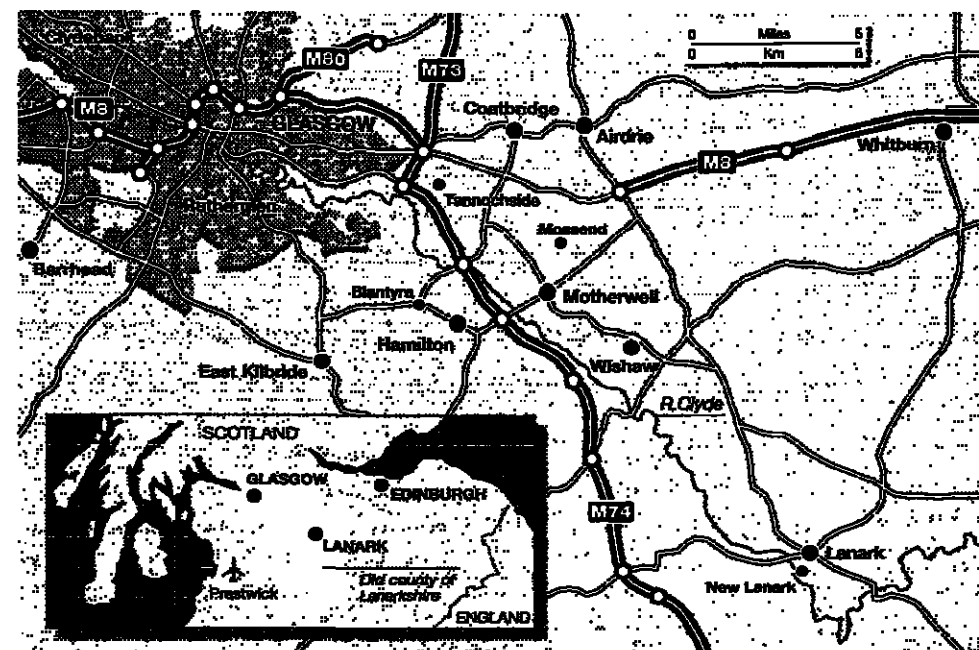
"People expect to see a place down on its luck," says Mr Terry Currie, the director of business development at the LDA. "They're surprised to find it isn't. We're in a transitional phase, between a proud industrial past and a dynamic future."

The steel closures have aggravated existing problems of economic decline and recession. Unemployment in Motherwell and Monklands districts has risen from about 10.5

per cent at the beginning of 1990 to 12.5 per cent in mid-1993, and male unemployment exceeds 17 per cent. But Lanarkshire is far from being one of the worst areas of unemployment in Scotland, which the 1991 working group warned that it would become.

In fact, Mr Donald Leigh, area manager for the Royal Bank of Scotland in Motherwell, who has worked in Lanarkshire for 27 years, says: "We've been used to depressed conditions for years. The recession of the last two years has not been so noticeable."

Lanarkshire's problem is that along with the rundown of steel, the area's traditional



manufacturing base is under threat, with engineering companies facing competition from eastern Europe and the Pacific rim. Too many businesses were dependent on British Steel and the birthrate for new companies is low. Apart from East Kilbride, the area has not attracted much inward investment from abroad. In short, the Lanarkshire economy needs modernising.

The regeneration effort can build on the large existing manufacturing base, a skilled and committed workforce, and the fact that Lanarkshire is strategically placed at the heart of Scotland's central belt, at the crossroads of its motorway system and on the main west coast railway line.

The main aim of the LDA, whose expenditure has risen from £54m last year to £64m this year, is to bring in new businesses and to improve existing companies.

One of the first things the Scottish Development Agency did when the Ravenscraig closure loomed was to buy 500 acres of land for industrial development in north Lanarkshire. The Scottish Office then pressed the government and the EC to create an Enterprise Zone.

The Enterprise Zone, spread

over nine sites, some of which are still to be completed, came into existence on February 1 this year. It is beginning to attract inquiries and the first small developments have begun, although full-scale marketing of the zone has not yet started. It is calculated that the zone will create 8,000 new jobs over 10 years.

On the splendid Strathclyde Business Park at Bellshill, which is not in the Enterprise Zone, the Scottish headquarters of Mercury, a bottling plant for the distillers William Grant and a number of other plants and offices are going up.

Work on Scotland's terminal for Channel tunnel railfreight began last month at Mossend near Bellshill. The hope is that the terminal, to be ready in time for the tunnel's opening next May, will lead to the setting up of warehouses and factories on the 800 acre adjoining site.

The LDA is spending \$9.5m this year to help existing Lanarkshire companies and to stimulate start-ups. A scheme for encouraging managers to formulate new business ideas has already led to the creation of several little companies.

For a county that does not exist, Lanarkshire has a strong sense of local identity and people

show determination to revive their economy, with few signs of apathy. A civic pride campaign based on the slogan Supercounty, displayed on signs all over Lanarkshire, has been launched by local authorities and companies.

But the challenge facing Lanarkshire is immense. Its past industrial vocations are being whittled away and there are few obvious candidates to take their place. Apart from the clever idea of exporting the local expertise acquired, of necessity, in the reclamation and decontamination of industrial land, the aim is to attract a broad mix of high technology industries, like many other parts of Scotland.

Much of the regeneration strategy relies on outside businesses coming to realise the advantages of a Lanarkshire location and deciding to move there. Whether they do so depends partly on the UK and the Scottish economies generating the necessary growth. It also depends on Lanarkshire beating competition from other Scottish towns. Enterprise Zone status is not the only factor influencing investors.

That is why it is so important that the regeneration campaign changes the face and the image of Lanarkshire.

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## LANARKSHIRE II

Regeneration of the economy, in an area still important in manufacturing, depends on new, high-quality companies – but the start-up rate so far is low

# Need to raise business birth rate

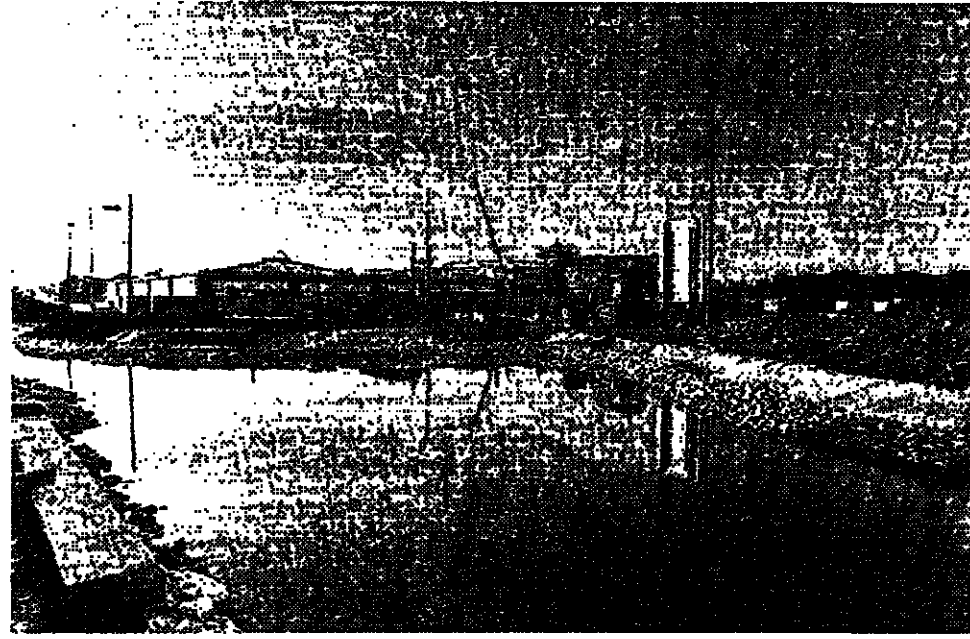
**M**R Terry Currie, director of business development at the Lanarkshire Development Agency (LDA), is candid. "This has not been a great area for enterprise," he says. "Scotland has a relatively low rate of new company formation by UK standards. Here it's been even lower."

The low company start-up rate is one of the main problems being addressed by the LDA, by the county's five enterprise trusts and by other bodies such as BS(I) – British Steel (Industry), the economic development arm of the steel company.

But it should not detract from the fact that Lanarkshire, even with much of the steel industry gone, is still an important manufacturing centre, with no less than 25 per cent of its working population engaged in manufacturing compared with the Scottish average of 20 per cent.

East Kilbride is the jewel in the crown of manufacturing, with high quality inward investment companies such as Motorola, whose semi-conductor plant is being expanded to employ more than 2,000 people; the printed circuit board assembler Avex; JVC and Fuji Electric, and many others. It also has a Rolls-Royce aero-engine plant.

Motherwell, Hamilton and the surrounding urban areas are significant manufacturing centres. The engineering company Motherwell Bridge is



A cluster of medical companies is growing up on the Strathclyde business park

Picture: Pamela Chant

based in Motherwell, as is the mining equipment maker Anderson. Honeywell Control Systems is based at Newhouse, while MSA has a plant at Coatbridge. Philips Lighting makes light bulbs at Hamilton.

British Steel still employs 600 people at the Dalzell plate mill next to Ravenscraig and 500 people making seamless tubes in Airdrie.

Because of its location at the centre of Scotland's communications network, Lanarkshire is a base for distribution and warehousing. Safeway has an

enormous depot at Bellshill, employing about 900 people. The Motherwell food park, set up by the Scottish Development Agency to try to diversify the local economy, has attracted food manufacturers, and a cluster of medical companies is growing up on the Strathclyde business park.

Most of the companies mentioned are sizeable, long established businesses, often owned outside Scotland. But the LDA's strategy document states: "Successful regeneration will depend on Lanarkshire's ability to create new quality companies and the expansion of existing home-grown firms."

To raise the business birth rate the LDA is operating its Entrepreneurship programme. "When we launched it we got 1,000 applications; when we said we'd have to charge £100 per person we still got 200 people wanting to join," says Mr Archie Bethel, the LDA's chief executive. The programme consists of part time courses running for six months, aimed at local management and professional people with manufacturing, technical or financial backgrounds. "The idea is to get them to meet and exchange ideas, while we teach them how to set up a business," says Mr Currie of the LDA.

After two years the programme has already spawned about 10 new companies which employ about 70 people between them. One example is Retronix, which employs 20 people at Coatbridge repairing damaged computer circuit boards, mainly for the multinational electronics companies in Silicon Glen.

BS(I), whose role is to help areas affected by steel plant closures, assists the regeneration process by providing serviced accommodation units for startup businesses. It has 29 units in a complex at Coatbridge, is building eight more "progression units" for growing businesses nearby and is close to completing a set of offices and workshops on the Strathclyde Business Park.

The Coatbridge Workshops are serviced by a typist who has a fax machine. "The units are very popular," says Mr John Fairley, BS(I)'s Scottish manager. "The success rate in this sort of environment is better than in the outside world."

BS(I) also co-funds business start-ups, investing about £1m a year locally and usually putting in between £40,000 and £100,000 per project. "This is the venture capital gap that bigger providers of funds such as 3i cannot fill," says Mr Fairley. BS(I) provides continuing advice to its investees with a team of semi-retired professionals.

BS(I)'s investments include Aperta, a company set up by employees made redundant by Unisys who have developed a system for transferring office documents from paper to computer disk by means of optical scanning.

The Coatbridge Workshops are not wholly devoted to manufacturing. Some are occupied by service companies, including Clyde Commissioning Services, which provides checks for new buildings. BS(I) wants to help redress Lanarkshire's bias towards manufacturing – which means that it lacks a broad spread of services and has to buy them in from Glasgow.

Despite its origin, BS(I) in Lanarkshire rarely gives direct assistance to former steelworkers. "We bend over backwards to help steel people," says Mr Fairley, "but very few of them see self-employment as the way forward. That's a legacy of the employee culture of a big plant."

One legacy of the closure of a big complex such as Ravenscraig is that a number of companies which grew up supplying British Steel are having to make painful adjustments. "Many had a comfortable existence with British Steel and became over-dependent on it," says Mr Fairley.

"They developed a sort of tunnel vision that couldn't envisage the possibility of not being a customer of British Steel."

BS(I), the LDA and Medco, the enterprise trust in Motherwell, began tackling this problem by encouraging companies to diversify, introducing them to new markets such as the offshore supply industry in north east Scotland. But, says Mr Fairley, "Many companies have had to rein back and shed employees, and some have to close altogether."

Others, such as Scomag of Motherwell, a maker of control systems and almost totally dependent on British Steel for years ago, now makes systems for the oil, gas, petrochemical and food industries.

Mr Currie of the LDA, which runs programmes for managing change, says the closure of the steel complex "did not cause the holocaust among its suppliers that had been forecast. Fewer companies than my 10 fingers have gone to the wall as a result. The shakeout of the early 1980s left us with fitter, better managed companies."

The small and medium sized engineering companies are the industrial backbone of the area. But Mr John Burn, chairman of George Taylor, a foundry company, says: "We are seeing the gradual demise of engineering companies in the west of Scotland, in the face of recession and imports from eastern European and Chinese companies that use first world technology."

"Most engineering companies here are just hanging on, hoping for things to improve. It's hard to persuade myself that I will get a return on any investment I make."

The LDA, whose business development budget this year is a remarkable £9.5m, assists companies with entering new markets and with developing new products.

"The problem is finding companies with products to develop," says Mr Bethel. "It is a bit concerning but we are working on it."

Mr Currie says companies attribute the lack of new product ideas to recession, "but I suspect there was little product development in good times. It's a national problem and until there is a national commitment to manufacturing I don't see it being satisfactorily addressed."



British Steel shut the 1,000 acre Ravenscraig complex in June 1992, two years earlier than expected

Picture: Colin Brown

Ravenscraig could be a development opportunity

## No clear view

**L**ITTLE has happened on the site of the Ravenscraig steel complex since it abruptly closed in June last year. The cooling towers and the blast furnaces still stand, the main differences from a year ago being that they are now silent and no vapour comes out of them.

British Steel shut the complex two years earlier than had been expected, arguing that poor market conditions overrode the commitment it gave in 1987 to keep the complex open till 1994.

The early closure took by surprise development officials who had expected more time to consider the future of the site, and to plan retraining programmes for the redundant steelworkers.

British Steel is negotiating to sell the equipment from the plant to the Indonesian company Gunawan Dianjaya which plans to reassemble it in North-east Malaysia. The plant will be the largest steel plant in South-east Asia.

£525m has been mentioned as the cost of dismantling Ravenscraig and re-erecting it in Malaysia, but the proceeds of selling the Scottish plant will be only a fraction of this sum. For the Indonesian company the deal should be a cheap way of getting a steel plant.

"Discussions with Gunawan Dianjaya are proceeding satisfactorily," says British Steel, "but we don't expect a contract to be signed until later this year."

It is believed that if British Steel is unable to sell the plants overseas it will dismantle it and sell it for scrap.

The Ravenscraig complex occupies a 1,000 acre site – twice the size of Hyde park in London – sandwiched between Motherwell and Wishaw. That includes the 110 acre site of the Lanarkshire steelworks which closed in 1983. It is thus potentially a very big urban redevelopment opportunity which will be crucial to the future of Motherwell.

So far, there is no clear view on what it should be used for. But an early decision was not to put it into the Lanarkshire Enterprise Zone.

Mr Archie Bethel, chief executive of the LDA, explains that this is partly because of the very long time it would take to clear the site, partly because he doubts whether new investors would be interested in going to a site in the middle of

Motherwell. But Mr Jeremy Bray, Labour MP for Motherwell South, thinks the future of Ravenscraig is being given too little priority.

"Nothing has been done since 1993 with the Lanarkshire steelworks site, and the writing was on the wall for Ravenscraig after 1987, yet nothing was done. Ravenscraig could be a superb site, right on the west coast main railway line."

He fears that the 500 acres of Enterprise Zone and 500 acres of other industrial sites in Lanarkshire will mean there will be no demand for industrial land on the Ravenscraig site. But Mr Andrew Russell, head of a Price Waterhouse team appointed in July to look at the development options, urges a longer view. "Ravenscraig will have its day," he says. "It would be a pity to prejudice longer term possibilities by short term developments on part of the site."

He says the time span for redevelopment "will certainly exceed 10 years and may be as much as 20." By then, demand for industrial land may well have been exhausted on the other sites. "We're urging people to go for a long term fix."

British Steel last year commissioned the environmental consultants Aspinwall to report on the environmental problems of the site. Its preliminary report showed that hazardous waste had been stored for years in disused mine works on the site, and that various waste substances such as steel slag, filter cake, sulphur compounds and ammonia had been dumped there under license.

But the report said that 20 per cent of the site would need no action prior to redevelopment, and that a further 25 per cent would need only minimal regrading if the site was to be used for amenity purposes. Industrial development could follow "relatively straightforward decontamination measures," but "much more extensive remedial works would be required on about 70 per cent of the site if the proposed end use was housing."

Aspinwall is now carrying out the second stage of its study. Various figures have been put on the cost of reclamation, mostly ranging between £100m and £200m.

Mr Russell says the Ravenscraig site includes a deep wooded ravine of the river Calder, though the river itself is filled in over part of its length. That could become a valuable amenity.

Whether the Ravenscraig site becomes a park, a housing development, an industrial site or a combination of all three, an important planning priority is to use the opportunity to improve Motherwell, which has a poor town centre. Any plan is likely to include a new road to connect the M74 motorway to the A8/M8 east-west road.

The former steelworkers, former employees of Ravenscraig, the Clydesdale tube works and some of their subcontractors are entitled to special benefits under the EC assistance for former steel areas. They can claim a supplementary employment benefit of £16 a week for up to 52 weeks, and up to 52 weeks training.

By the end of June 1,006 of them were still in training. Another 90 had found jobs.

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HELPING TO FINANCE THE FUTURE.

### Profile: Atlas Hydraulic Loaders

## German linked

**T**HE village of Blackwood, just off the M74 about 10 miles south of Motherwell, is not a well-known manufacturing centre. Yet the former mining village's main employer is the biggest manufacturer of lorry loading cranes in the UK.

Blackwood is the UK headquarters of Atlas Hydraulic Loaders, a German-owned company which has been in Lanarkshire for 30 years. It is the only full overseas manufacturing unit of Atlas Weyhausen, a family-owned company with turnover of about DM 800m based near Bremen.

At Blackwood, Atlas makes lorry loading cranes – the type of crane that is permanently mounted on a lorry – and manufactures mini-excavators in a plant at nearby Hamilton. Despite the recession, now hitting the German market, it is implementing a £10m investment programme in its Scottish plants, whose products are designed in Germany. Atlas began manufacturing at Blackwood in 1963 at the

suggestion of its Scottish dealer. It has been there ever since. It employs about 250 in Scotland and 70 in its English sales offices. No employees come from Germany.

"The workforce is stable – several of them have worked here for 20 years – and I don't find any difficulties operating here," says Mr James Hanshaw, the subsidiary's managing director who has worked for US and German companies in Asia, Australia, the US and Europe. He does a daily cross-country drive from his home near Peebles in the Borders. "The maintenance of the roads could be better," he says.

Atlas's UK sales grew from £5m in 1980 to £27m last year and are expected to reach £35m this year. It has 45 per cent of the UK market for lorry loading cranes (80 per cent of these sales supplied from its Scottish plant) but also exports about 60 per cent of turnover. Much of its output goes to Germany.

Continued on next page



## LANARKSHIRE III

Lanarkshire's infrastructure now includes an Enterprise Zone divided into nine sites

## The enterprise clock is ticking

**M**R John Condliffe, a top official at Scottish Enterprise, was a leading advocate of setting up an enterprise zone in Lanarkshire to "kick-start" its regeneration. "We think that with an enterprise zone we can achieve in five years what would otherwise take ten," he said.

Now little more than two years after that statement was made and nearly a year after Mr Condliffe's untimely death in middle age, the Lanarkshire enterprise zone is up and running. It formally came into existence on February 1 this year and expires in 2003.

As Mr Archie Bethel, chief executive of the Lanarkshire Development Agency says: "The clock is ticking. We have got 10 years."

Enterprise zones offer companies which set up on them exemption from business rates, 100 per cent allowances on corporation tax for capital expenditure on buildings, and greatly simplified planning procedures.

Yet when Mr Condliffe spoke, the tide seemed to be moving against EZs. Both the government and the European Commission, which also has to approve them, had expressed doubts about the concept. The government had frequently said that

each zone it set up would be the last, before eating its words and setting up another.

Critics say that EZs merely transfer jobs and investment from other areas, while the EC has been sceptical of an initiative which it believes can distort competition. The zones have been seen, particularly by the Treasury, as a comparatively expensive way of generating jobs. However, although the original crop of EZs in Britain, created in the early 1980s, is now expiring, there are likely to be six zones in existence by 1994, three of them destined for areas hit by the latest coal closures.

The Lanarkshire EZ comprises 507 acres and is divided into nine sites, ranging from 195 acres at Newhouse close to the Eurocentral freight terminal to a two-acre site intended as an office development in the town of Hamilton.

Mr Douglas Smith, of the chartered surveyors Richard Ellis in Glasgow, says the range and quality of sites on the Lanarkshire EZ are of "by far the highest quality yet seen in the Scottish market."

They will appeal, he says, to manufacturers, office users and inward investors.

At least one of the sites - Airbles Road in Motherwell - is not yet ready. But Monklands district council has already built 10,000 square feet of units on the Shawhead zone, with a further 10,000 sq ft under construction.

At Tannochside the developer Meiklegate is in final negotiations with the LDA to put up 55,000 sq ft of industrial space, and Morrison Developments are close to agreement to build 78,000 sq ft of office space on the two-acre Brandon Street site near the centre of Hamilton.

Mr Bethel says the EZ aims to strike a balance between owner-occupier companies putting up bespoke buildings for their

own use, and EZ trusts which are likely to build speculatively for later gains. The latter are likely to become more prominent next year as the Business Expansion scheme, which attracts about £1bn a year of funds, against the £250m attracted by EZ trusts, comes to an end.

Mr Gerry Brough, inward investment manager at the LDA, says: "We want to keep a balance between the different types of occupier, and we do not want to release too much land too quickly."

The LDA believes the EZ will generate 8,000 net new jobs over the 10 years. That same total has often been quoted for the number of jobs that should be supported by the 800-acre greenfield site which includes both Mossend and the Newhouse West zone.

The Eurocentral rail freight terminal for Scotland's Channel Tunnel freight is being built on the western side.

The terminal was to have been by Amec, the construction and development company. However, with uncertainty over the privatisation of British Rail, delays to the Channel Tunnel opening and the weak property market, Amec decided instead to concentrate on developing part of the adjoining land, while the LDA took on the terminal project.

With the public sector taking responsibility, a £1.8m grant from the European Regional Development Fund was obtained to help towards the £8.6m cost of the project. The grant would not have been available for a private sector company.

A 115-acre freight village should gradually be developed next to the 18-acre terminal. Alongside is the Mossend EZ site aimed at manufacturing, which is part-owned by Amec Regeneration. The Newhouse West EZ site, fronting on to the M8, is owned by Scottish Enterprise and is

intended for large inward investors. The Eurocentral terminal will have modest beginnings when it opens, in time for the Channel Tunnel, next March.

The LDA does not have the power to build advance factories, unlike the new towns. But the Scottish new towns are following their English counterparts and being wound up. East Kilbride will be wound up by the end of 1995 and is involved in a final £37m capital programme to complete the town.

East Kilbride is the home of another important part of Lanarkshire's development network, the National Engineering Laboratory (NEL), a government industrial research organisation which briefly achieved prominence in 1988-89 when Lord Young, then the trade and industry secretary, made a botched attempt to privatise it.

NEL is making itself more market-oriented and is developing a commercial customer list. Its own staff has been trimmed from 600 to 400. It occupies only five of the buildings on the site instead of 10. The site is now a serviced, high prestige business park, much of it occupied by small science-based businesses, some founded by ex-NEL staff.

But all that is in the future.

## Profile: Dawnfresh Seafoods

## Move enabled expansion

**T**HE biggest new industrial employer to start operations in Lanarkshire since the closure of the Ravenscraig steelworks is probably Dawnfresh Seafoods.

It produces breaded cold water prawns and other seafood products in a large new plant at Bothwell Park near Motherwell and employs more than 200 people.

At first sight it might appear odd that a seafood maker would locate itself on an inland site in an area where the main manufacturing tradition is engineering.

On second glance it seems not only logical, but also that it could be a harbinger of things to come.

Dawnfresh, a privately-owned company, relocated to Bothwell from two plants in England.

Its main plant was at Whitehaven in Cumbria but it also had a facility at Ipswich.

It decided it needed to move in order to expand and to anticipate the requirements of current and future health and hygiene regulations.

"This is an ideal location," says Mr Alastair Salvesen, the company's chairman. "Most of our scampi comes from Scottish fishing ports. We are right on the motorway network which enables us to distribute to supermarkets all over Britain within a day."

"From Whitehaven it took two days."

"When we want to fly to buy foreign shellfish from Scandinavia we have Glasgow

and Edinburgh airports both within less than an hour's drive. We're at the centre of an excellent hub."

Dawnfresh is among the top four UK producers of prawns and scampi, with an annual turnover of £20m.

It decided to buy its own land and build its own factory after being unable to find space large enough on the Motherwell Food Park, which is a dedicated area developed by the Scottish Development Agency, and after being asked "ridiculous rents" on another local site.

It owns an eight-acre site on which it has built a 45,000 square foot state of the art plant, which includes temperature controlled production facilities, cold stores, laboratories, a product development kitchen and offices.

From acquiring the site in March 1992 it produced its first output in November and the plant was completed in February 1993.

The site gives it further room for expansion. Dawnfresh also has a seafood processing plant at Campbeltown in the Mull of Kintyre.

The company, which has been profitable since it was bought out by its management in 1983, concentrates on breaded products and fresh or chilled products such as langoustine, scallops and crevettes.

About 75 per cent of its output goes to the retail market, and the rest to the food service and catering sector.

**I**T is an irony of Lanarkshire that the town from which it takes its name is far removed in character and some way in distance from the industrialised north of the county on which so much attention is being lavished.

Lanark is a market town of 10,000 people set in rolling green countryside where cattle and sheep farmers come to sell their produce and country ladies do their shopping. Yet it has an illustrious industrial history, for it was at New Lanark that the socialist entrepreneur Robert Owen created an industrial community in which the workers' education and health were as important as profit.

In the early 19th century New Lanark was a place of pilgrimage for social reformers, statesmen and royal personages. It is now the leading historic tourist attraction in Lanarkshire, where last year 190,000 people paid to see the restored factory and visitor centre, and many more to stroll round the old village, which is progressively being restored, or gaze at the falls of Clyde. New Lanark is now classed as a World Heritage site.

Last year Clydesdale Development Company, the local enterprise trust, was able to point to figures showing that between 1979 and 1990 it had the fastest rate of growth for new businesses in Britain, based on VAT registrations which increased by more than 245 per cent, making the largest percentage increase in Britain, well ahead of Corby, Milton Keynes and Stevenage.

The registration of 631 new businesses is thought to be due partly to Clydesdale residents who formerly commuted to Glasgow setting up businesses

## Clydesdale Development Company focuses on rural areas

## Illustrious industrial heritage



New Lanark: a derelict mill has become a village

Picture: Stewart Cunningham

near home. The number of people working in Clydesdale has grown in the past 10 years from 23,000 to 35,000.

The Clydesdale Development Company is chaired by Mr Arthur Bell, who runs Scotland Direct, a successful direct marketing group, from a converted tweed mill in Biggar, south of Lanark. The development company is an enterprise trust which has a franchise from the LDA to offer business services and advice. Its annual budget is about £500,000.

It differs from most other enterprise trusts in Scotland in that it focuses strongly on the rural areas. "Clydesdale district covers 500 square miles, and 25 per cent of our businesses are in farming," says Mr Chris Travis, the executive director (check). "We must stop the decline in farmers'

incomes, or the rural infrastructure will run down, and shops and schools will close in a downward spiral."

Together with other bodies it has established Farm Futures, a programme targeted at young farmers who are likely to inherit the family business. The aim is to provide a grounding in forward planning, business management, and new market opportunities, including how to deal with the demands of the supermarket chains.

Though much of Clydesdale is over 1,000 feet above sea level and very bleak in winter, part of the Clyde valley near Lanark has for decades been a centre for raising tomatoes in glass houses, thanks to a warm micro-climate. But the industry has been in steep decline and was becoming unable to compete against plentiful Dutch tomatoes.

With the Scottish Agricultural College and the Robert Owen Foundation, the Clydesdale Development Company encouraged six of the surviving tomato growers to club together, "not to out-produce the Dutch, but to out-market them," Mr Travis explains.

They now sell under the banner Scotland's Tomatoes and have agreed a price with the supermarkets which has restored a premium to their tomatoes. Revenues this year are 50 per cent above last year's.

The development company is now trying to find ways of assisting beef producers. "We are trying to find an effective marketing approach that will raise returns," Mr Travis says. It is likely to involve creating a brand, developing a link with an abattoir to produce a qual-

ity mark and dealing direct with butchers, cutting out the cattle market.

"Much of our beef is raised in conditions that are close to being organic," he says. "That gives us something to work on."

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## Focus on Atlas

Continued from previous page

Atlas Hydraulic Loaders also claims to be the biggest and fastest growing maker of mini-excavators in the UK, with output rising from 400 units last year to nearly 1,000 this year as it begins manufacturing new models.

"We are taking market share from our competitors in the UK thanks partly to very aggressive pricing," Mr Hanshaw says.

"Quality comes before short term profits. The parent company does not take dividends from the UK subsidiary - all our profits are reinvested."

We're going to be here in five or 10 years' time."

The £10m investment programme at Atlas Hydraulic Loaders which began last year has involved expanding production space by 21 per cent to 150,000 square feet and refurbishing the plants with the latest machinery and computer systems.

"We wanted to bring our manufacturing facilities up to German standards. The world is demanding higher standards," says Mr Hanshaw. "Our German customers are particularly conscious of quality, especially with products made in Britain."

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## MANAGEMENT



MORE than a few Swiss eyebrows were raised when Dominique Damon joined Alusuisse, the venerable aluminium and chemicals group, in 1988 to head its nascent packaging division.

The commanding heights of the big Swiss companies have been notoriously closed to women and foreigners, and Damon, who comes from Paris, is both.

Even today, she is the only woman executive director of a large Swiss company. But if the eyebrows are still raised, it is for entirely different reasons.

In seven years, she has pulled together a motley group of packaging operations spread around Alusuisse, bought eight complementary companies in Europe and the US and shaped them into a sparkling global performer.

Sales of the packaging division have jumped from Sfr44m (£338.7m) in 1988 to Sfr1.4bn last year, and it contributes more than a third of group profit.

Alusuisse had been struggling for years to diversify from its historical dependence on commodity aluminium products and so its appreciation of her abilities is far from surprising.

Early this year, she was given responsibility for the group's industry and transport equipment division, and has just been named deputy chief executive.

There is a stereotype of the high-powered French female executive - stylishly dressed, immaculately groomed, confident in carriage, dazzlingly clever, tough, sexy.

Damon is different. She dresses simply and conservatively, wears no make-up and does not try to hide her 46 years or her greying hair.

She speaks and moves softly, listens attentively and has a charming, self-deprecating sense of humour. Only gradually do the sharp intellect and iron will emerge.

She is, above all, a professional manager. She studied management in university, and went straight to BSN, the French flat glass and food group, after receiving a doctorate in experimental psychology in 1970.

At BSN she first worked in industrial relations and employee training in the Boussois glass division for five years. She then switched to the food division, just as it was acquiring the Gervais business.

As director of administration, she was responsible for the massive internal reorganisation that followed.

In 1985, she moved to Carnaud to become chief executive of its Fr2bn (annual sales) plastic packaging business, and was wooed away to Alusuisse three years later.

She says she had no second

Dominique Damon, the only female executive director of a large Swiss company, talks to Ian Rodger

## Going it alone



Dominique Damon: 'The only way I can find out about people is to listen to them'

thoughts about joining the Swiss group, having been ignorant of Swiss business culture. 'I had always been in very international groups, and here as well the management seemed very international, not necessarily by nationality but by attitude. It was only afterwards that I realised that perhaps Alusuisse was exceptional among Swiss companies.'

She says she immediately felt comfortable with the management style of the Alusuisse executive committee, which emphasised flexibility, teamwork and motivating employees to participate

in defining and achieving strategic goals.

She recoils from defining her strengths as a manager. 'I like to avoid labels,' but says she feels most strongly about motivating employees to take a team approach to clients.

Significantly, in all the companies in which she has worked, the clients have been highly sophisticated.

Whether trying to convince Renault to buy more BSN glass, Hypermarché to buy more Danone yoghurt, or General Foods to use Alusuisse packaging for its pet

foods, the sell has always been a complex, technical one. Increasingly, the supplier has to co-operate closely with the client in developing a product.

'It is not a question of sending along a salesman. All our managers must have a relationship with the client, and we have to work as a team,' she says.

She sees her own role as chief motivator. She travels constantly, visiting her operating units, finding out what is going on, making sure they are meeting their goals.

'If you don't know what people are thinking, you can go seriously wrong. And the only way I can find out is to listen to them. Perhaps I do not have sufficient imagination to figure things out for myself.'

She has also been careful to install a rigorous financial reporting system at the packaging division's new home base in Paris. Each operating company has clear goals, and is monitored by the week by one of her team of 12 central executives.

Her own interventions are less systematic. 'If a company is going well, it may see me three times a year if it is going badly, it will see me every month.'

So far, her system works admirably well. She claims that none of her subsidiaries is in trouble at the moment, and she takes particular pride that the executive teams of all the businesses she has acquired remain largely intact.

Damon dislikes the term workaholic, but admits she makes sure there is a telephone and fax available when she goes on holiday. 'I would find it hard to break communications, because it would be so difficult to catch up when I got back. And at this level of responsibility, I do not believe I should cut myself off.'

Although she would not seem to have much time for family life, she is obviously proud of her similarly over-achieving teenage daughter. Echoing Hillary Clinton, she observes, 'perhaps she missed something by not having me at home baking cakes, but I don't think so. And she has seen a lot of the world.'

Where Damon goes from here is anyone's guess. She claims not to be concerned.

'I have no need to think ahead 10 years. I have sufficient challenge and satisfaction where I am.'

Would she want to work in a bigger company? 'I do not think the size of a company is necessarily directly related to the complexity of managing it.'

Would she expect to become chief executive of Alusuisse? 'Everyone asks me that. It is not my problem. It is not an important issue. I am very comfortable working in this team.'

## What it takes to be a regulator

Lucy Kellaway looks at the skills would-be industry watchdogs should have on their CVs

A few months ago Clare Spottiswoode decided it was time she got a proper job. This 40-year-old mother of four had had enough of juggling five part-time jobs, and phoned up Saxon Bampfylde, a headhunting firm, to see what it could do for her.

Her CV showed that she was an ex-Treasury economist and an entrepreneur who had set up two businesses, one importing cotton and silk gifts, the other in computer software.

The headhunter, which had just been asked by the government to find a replacement for the combative Ofgas director-general Sir James McKinnon, mentioned the job to her. 'Even if I had known the job was on offer, I never would have applied. But when they told me about it I felt I was well suited. I have a logical economist's background, and I've been at the sharp end of business.'

Spottiswoode thought nothing about entering the macho gas business: she survived as one of the first women at Clare College Cambridge, and says she has been 'in a very male world all through'.

So she applied, and the rest, as they say, is history.

To outsiders, hers might seem an unlikely background for becoming regulator of the monolithic gas industry. But it is no less likely than the backgrounds of most of the individuals who regulate Britain's other utilities.

Sir James, an accountant who was finance director at Imperial Group, also knew very little about gas and regulation when he started. Equally obscure were Don Cruickshank's qualifications for regulating the telecoms industry: he was chief executive of the NHS in Scotland, and before that managing director of Richard Branson's Virgin Group. Professor Stephen Littlechild knew a great deal about monopolies when he was hired at Ofwat - the electricity regulator - but he lacked much direct experience of the business world.

There is no degree in regulating, nor any specific training for it. Yet the job of regulator is one of

the most difficult challenges in British industry. What does it take to make a good one?

According to Sir James, the answer is more straightforward than it is often cracked up to be. 'A good regulator does what he or she is told. It is as simple as that. A regulator is given a number of tasks to do, there are clear sets of rules in the legislation.'

He reckons that the only real requirement is that a regulator should have a background in business, and must have experienced change.

His own 'basic business training', he says, was vital in helping him understand the dynamics of competition.

Being able to deal with the media is also vital, he says. 'As a regulator you have no funds to

**'A good regulator does what he or she is told. There are clear rules in the legislation'**

put your message across. Unlike British Gas, I didn't have £10m-£20m to spend on advertising.' Good relations with the media are a matter of 'telling the truth and saying the same thing to everyone'.

Sir James also believes that regulators should not take themselves too seriously. 'If the Sun says you are "as precious as a Ming Vase" or that you have great control over the destiny of 18m people, you have to be careful or you start to believe it. You need to keep your feet right on the ground. I don't see myself as any different from anyone else.'

According to Saxon Bampfylde, which has been involved in the appointment of most of the UK regulators over the past four years, the necessary qualities are more complicated than Sir James makes out. According to the firm's Douglas Board the most important is real life experience of competitive markets.

'In all cases we have been looking for a very good player to become referee,' he says. The problem is that people running big companies may not fancy the idea of running an organisation with between 20 and 200 people, especially when the salary is a fraction of what they might get in the private sector. Sir James says he earns £73,000, while Don Cruickshank's job - which took eight months to fill - was initially advertised at £90,000.

The second attribute is a powerful intellect. Board argues that regulating a complex utility presents a larger intellectual challenge than that facing most chief executives, who spend most of their time motivating and implementing.

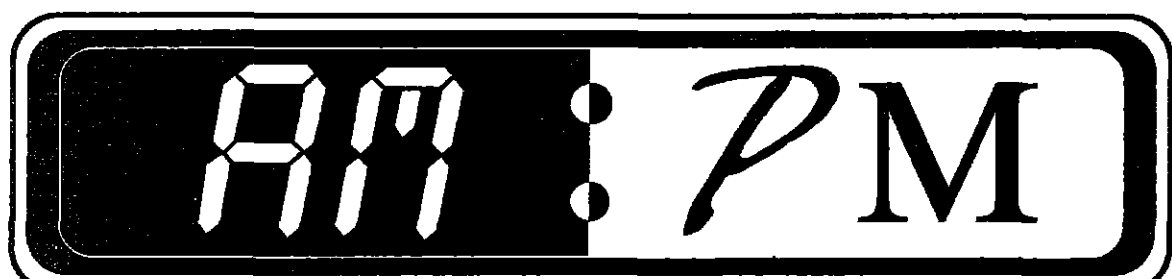
Good communication skills are essential, as well as a fair approach. A suitable candidate would be prepared for a slightly lonely job: even though they spend the whole day talking to interested parties, decisions are generally taken on their own.

Regulators must also be good managers of their own staff. 'About 50 per cent of what determines whether the regulator is good is how he or she sets up an office in terms of staffing, information, use of consultants and so on,' says Board.

They need to be brave, and prepared to be unpopular. Board says that in selecting the right person he looks for 'evidence of having done fearless things, rather than just being able to talk fearlessly'.

They also need to take a long-term view. Most of the decisions made by regulators will not start having any effect within their term of office. This means there can be no quick judgments to be made on which regulators are doing a good job.

Sir James takes away with him the satisfaction of having helped some consumers get a better deal. Yet he says that this has been by no means the biggest challenge of his career. Compared with the task of attempting to turn around the Howard Johnson hotel chain in North America, it was a piece of cake.



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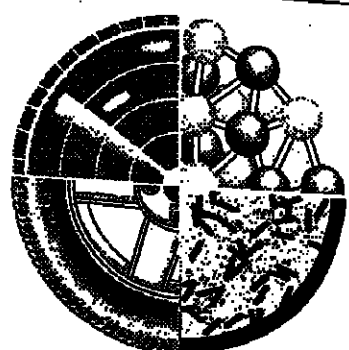
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## Worth Watching · Della Bradshaw



## Cashing in on radio signals

As Christmas approaches many retailers will want to install more tills to help increase sales. The problem is that most point-of-sale equipment needs a phone line to send purchase data back to the store's computer.

Tec, part of the Toshiba group, has overcome the obstacle with a range of tills which transmit the information over a radio link. In the UK the equipment uses the frequency allocated for cordless local area networks in offices, at 2.46 GHz. Tec believes the system will give retailers greater flexibility in designing store layouts. Tec: Japan, 03 3292 6223; UK, 0923 233688.

## Warning! Warning! black ice

An electronic device which can detect black ice, and warn drivers of icy patches before accidents occur, has been developed in France, by Metera of Sille-le-Guillaume.

The battery-powered logging device is positioned at the side of the road at notorious black spots. There it measures the temperature of the air and road surface and the humidity. It calculates whether the road surface is dangerous including such factors as the exposure of the site, tree cover and winds.

The Emac 90 logging system communicates the information to the relevant authorities automatically using a phone line. Alternatively, a road sign can be illuminated to warn drivers. Metera: France, 43 20 87 10.

## Putting mildness to the test

A range of tests traditionally used to determine the toxicity of chemicals has now been applied by UK chemists Boots to determine the mildness of its

latest baby-care range.

Working with chemists at Nottingham University, Boots has used *in vitro* (test-tube) testing of both the components and the final products. Included in the six tests, for example, is a fluoroscein leakage test, in which living cells are used as a barrier to prevent a dye leaking through a grid. By measuring the extent of the leakage once the product is added, scientists can test the damaging potential of the product. The bath products, shampoo, lotion, nappy cream and baby wipes were measured for their damaging effect on the skin and the recovery rate of the skin after use. Boots: 0602 418522.

## You'll never be speechless again

Most business people who give speeches know the chill of forgetting what the next slide will be or of losing their notes. The VideoShow Presenter, developed in Berkeley, California by General Parametrics, could solve the problem.

The hand-held device combines the traditional remote control unit with a four-inch colour screen. The screen can display the slide which is being projected – so speakers do not have to turn their backs on the audience – or preview the next slide. The speaker can also call up private notes on the screen as a prompt.

The hand-held unit works directly with PCs or notebook computers and leading Windows-based presentation programs. General Parametrics: US, 510 524 3950.

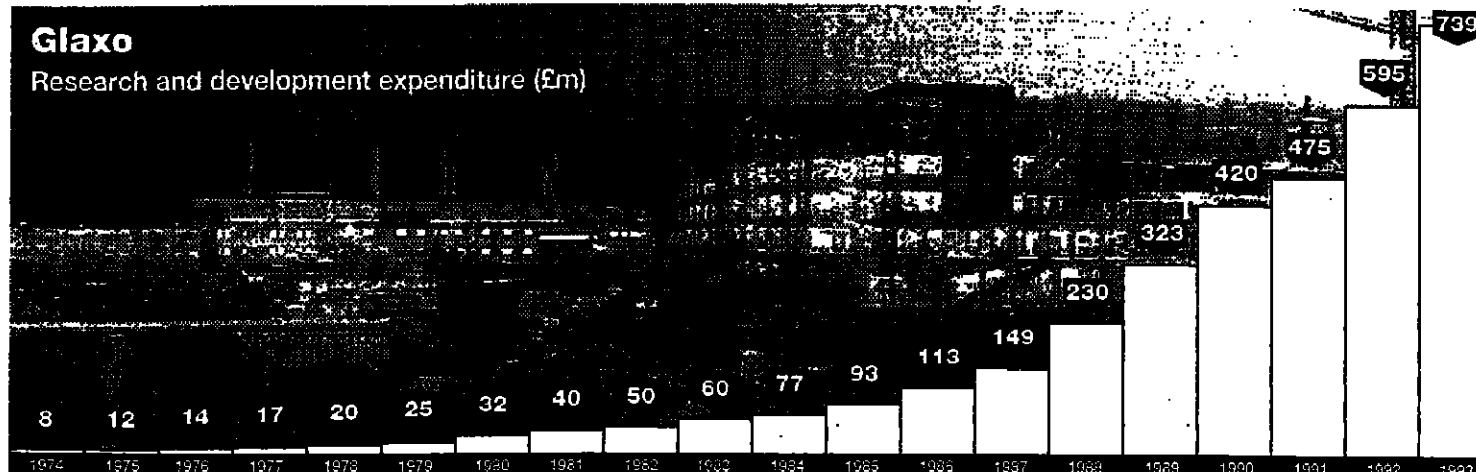
## Scientists struck by lightning

Scientific breakthroughs are frequently represented by a flash of lightning. Now researchers at Nasa, the US national Aeronautics and Space Administration, in Washington DC, have discovered flashes of lightning which are in themselves a scientific breakthrough.

They have recorded for the first time huge flashes of light – some 25 miles long – in the upper atmosphere above a severe thunderstorm. The flashes are as yet unexplained, but could be an electrical discharge, in which case they could present potential problems for high-altitude aeroplanes. Nasa: US, 202 358 0883.

## Glaxo

Research and development expenditure (£m)



## On a mission to divide and rule

Paul Abrahams explains the motives behind Glaxo's R&D shake-up

Glaxo, Europe's largest drugs company, is also one of the world's most innovative. By any standard its research and development labs have in recent decades developed a series of remarkably successful compounds.

These include Zantac, the world's best-selling medicine, which last financial year generated revenues of more than £2.1bn. More recently, the company has launched a series of ground-breaking molecules such as Imigran, the migraine drug, and Zofran, an anti-nausea treatment.

Given Glaxo's R&D record, last week's announcement that it is to reorganise the top of its R&D organisation will be scrutinised by groups trying to emulate its success. The reorganisation involves splitting the position of R&D director and appointing Sir Mark Richmond, chairman of the Science and Engineering Research Council, as director of research. Goran Ando, the Swedish executive recently appointed R&D director, becomes director of group development and product strategy.

Richard Sykes, Glaxo's chief executive who was elevated from the position as R&D director in March, insists the changes are not merely a result of his promotion.

"Our mission is to create, discover, develop, manufacture and sell prescription medicines. We are 100 per cent committed to research drugs. We are not in the business of over-the-counter medicines, distilled water or ice cream."

Sykes insists that if Glaxo is to be successful in prescription drugs, it must develop treatments that are safe and effective and offer added value. "There's little point developing medicines that have little added value," he explains.

Glaxo plans to move into untapped markets not yet satisfied. "The future success of this company in 10 to 20 years' time will be dependent upon developing innovative medicines," says Sykes.

Innovative drugs will emerge from a science base undergoing enormous change, according to Sykes. "We are witnessing a paradigm shift in biological science. First, we are increasingly understanding the genetic basis of disease. Every week, 3,000 genes are being identified. And second we know more and more about micro-biology – the process of the life and death of the cell."

By understanding the physiology of diseases, scientists will be able to identify target sites for drugs more easily. This offers the potential to develop more effective agents and treat chronic illnesses not well treated at the moment, he explains. "You have to harness these new technologies. Having access to them is really critical for the future of the company and you need very good people to do it," says Sykes.

"We will have to have a lot of help from the outside. We have 1,500 people involved in research internally, but that is not enough because of the rapid expansion in knowledge base. Most advances are

happening in academia and the biotechnology industry, so it's critical to have strong ties.

"In the future, drugs will not come out of the pharmaceuticals industry. They will come from research boutiques working on important targets."

Glaxo has formal links with eight to 10 biotechnology groups. The company also gives money to about 70 per cent of the UK's universities. "In the past, we have had a traditional R&D organisation. We now need to change the structure to harness and implement the new technologies. It is increasingly difficult for one man to oversee research and development. That is why Glaxo decided to split the functions," he explains.

As for Sir Mark, Sykes says he has exceptional scientific skills from his experience of molecular genetics at Edinburgh University and microbial biology at Bristol University. He has also developed organisational abilities from running Serc and being vice-chancellor of Manchester University. Sykes believes his period at Serc has placed him at the cutting edge of science on an international basis.

He says Sir Mark's contacts in the scientific community will help him recruit top talent for Glaxo's new £700m research complex at Stevenage due to open in 1995. The company will hire a number of additional scientists when the Greenford and Ware operations transfer to Stevenage.

Sykes says another reason for

splitting research from development was the huge difference in their objectives. "In research you can't see where you are going. There are lots of different avenues to explore. For development, you know exactly where you are going. It's just there are a series of regulatory hurdles in the way that you have to negotiate. Conceptually they're very different and you need very different sorts of people to run the two operations."

The development process remains highly critical, insists Sykes. More than 75 per cent of R&D expenditure goes on development, and 25 per cent on research. Glaxo has one of the best development records in the industry, and has set the gold standard for time taken to negotiate regulatory hurdles to new drugs.

"The safety, efficacy and value data provide the platform for the marketing. There have to be close links between the product strategy and development process. That forms the rationale for Ando's appointment," says Sykes.

Ando will be responsible for pre-clinical development, clinical development, relationship with the regulators, product strategy, information technology, management services and licensing. He will also liaise with the powerful operating companies in Glaxo which explain development requirements of national markets.

Sykes believes his reorganisation will help ensure the group's pharmaceuticals R&D investment – the largest in the world set at £850m for 1994 – is well spent.

## First among equals

European and American executives are used to looking around nervously to see what their Japanese rivals are up to, but they do not usually regard modesty as a prime characteristic of the competition. Yet the fact that Japanese companies tend to underestimate their prowess in bringing innovative products to the market first is a factor in their success, according to the Boston Consulting Group.

"Japanese companies in general are faster [than those in the US or Europe] but are also more self-critical about being slow." After studying 600 companies, it found that among those with turnover exceeding \$100m (£65m), Japanese corporations needed an average of 19.1 months to develop a new product against 22.6 in the US and 23.4 in Europe. Below this turnover level, Japanese companies needed 14 months compared with 16 in the US and Europe.

Hans Seifert, a Munich-based partner of BCG, believes Japanese and other southeast Asian companies will increase their strength in world markets, citing trends in the printing sector – where German companies have traditionally been strong – and in vehicles. "The danger for Europeans and Americans lies less in the technological potential of Asian competitors than in their own complacency."

BCG identifies three crucial areas which determine success in being first with new products: simultaneous engineering, with full co-operation and communication early in the development process; early prototyping so opportunities and problems (in components as well as the full product) can be spotted quickly; and a low ratio of design engineers to people in other important functions like marketing, manufacturing and purchasing.

None of these depends on fancy new theories. "These techniques have less to do with restructuring or training and more to do with managing and doing," notes BCG. It is also vital that project teams have adequate power of decision, insists Seifert. Top management should restrict itself to guidance and advice and stay out of the detail.

Andrew Fisher

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## PEOPLE

## Spencer: trial run for academe

One of the UK's best regarded economic commentators is moving to the academic world in a move which may set a new trend for City analysts who feel like a quieter life.

After eight years in the City, Peter Spencer is taking over as professor of monetary economics at Strathclyde University for an initial two-year period.

He will continue to work roughly a day a week at the Kleinwort Benson investment bank, where he has been chief economist since 1981 in charge of an eight-strong team. Spencer, 43, worked as an economist at Lehman Brothers and CS First Boston after entering the City in 1985, just before Big Bang, from a 13-year career at the Treasury.

Spencer explains that the move, which will involve a "large" drop in salary, is part of a long-term plan to give



himself more time for serious economic research as opposed to serving up the kind of off-the-cuff comments on economics which City analysts are renowned for. "I've never been quite sure if I am an academic or a City commentator and now I am trying to be a bit of both," he says. Spencer admits he will not

miss the high-pressure City environment in which clients and traders are increasingly quick to spot errors of judgment made by economists. He himself suffered last year in the aftermath of Britain's exit from the ERM because he had been one of the relatively few City commentators arguing right up to the event that sterling would not drop out of its fluctuation bands.

Among Spencer's achievements has been his contribution to research on the "divisia" measure of monetary growth - a field which some believe could provide a new way of monitoring economic fluctuations. In readiness for the move to academe, Spencer and his family have been saving a lot of his City salary rather than spending it, so he reckons the job switch will not be too financially onerous.

Heidi Hutter has been appointed by Lloyd's of London as project director to deal with the problems of outstanding liabilities on syndicates from past underwriting years.

She will work on the creation of NewCo, the company to be established by the start of 1996 to reinsure all liabilities up to 1996.

She will also lead a team working to develop a common method to calculate the reserves necessary on the insurance exposures of syndicates in "old years", to deal with claims against asbestos, pollution and other risks. This will help determine the reinsurance terms to be handled by NewCo for the old syndicates after the end of the 1993 underwriting year.

Lloyd's decided recently that it would appoint a project director to prepare for the creation of NewCo, and defer a decision on the appointment of its managing director until nearer the time that it will begin to operate.

Hutter, 35, gained a degree in maths at Cornell University, New York, joined North American Reinsurance Corporation and moved to the Atrium Corporation within Swiss Re in 1983. She has been vice president responsible for underwriting of the European International Reinsurance Company since 1987.

David Low has resigned as a director of STEEL, BURRILL, JONES, he was a founder of the Regis Low marine and energy broker which was acquired by SBJ in 1992. Richard Wood has been appointed a director of SBJ Stephenson.

Lynne Harley has been appointed director of BAIN CLARKSON'S Edinburgh office.

Peter Roundell, formerly chairman and md of Leslie & Godwin Reinsurance, has been appointed a director of JARDINE THOMPSON GRAHAM.

## Taylor moves up from Cellnet

Cellnet, the UK's second largest cellular operator, is about to get a new director now that Stafford Taylor is to be promoted to be BT's director of personal communications.

Cellnet, a joint venture between BT and Securicor, lags behind Vodafone in subscribers and profits. But Taylor, managing director since 1988, has emerged with plaudits, given the constraints imposed on Cellnet by BT. Cellnet's successful pioneering of low user tariffs last year is particularly credited to him.

The appointment of a new director - to be announced - will be watched closely for what it says about the priority BT chairman Iain Vallance gives to BT's sole cellular operation. After AT&T's purchase of McCaw, Cellnet's low profile in the BT empire looks increasingly misplaced.

Michael Ballman has been appointed to a new position of head of group risk at KLEINWORT BENSON. The creation of a centralised risk management function across all business areas has become a trend among banks, particularly those active in the highly complex derivatives markets.

However, Kleinwort is approaching the project "more from a management angle", according to Ballman. He will head a department of four people, and will be in charge of measuring and managing risk across all Kleinwort's business areas, which include fund management, market-making and corporate finance. "Deciding how many apples equal one orange is not an easy business," he says.

David Felder will succeed Ballman as head of fixed interest investment.

Peter Davis, chief executive of REED ELSEVIER, will be co-chairman until Pierre Vinken retires in spring 1995. The chief

executive function will be taken over by the executive committee which consists of Pierre Vinken, Peter Davis, Loek van Vollenhoven, Ian Irvine and Nigel Stapleton. When Vinken and van Vollenhoven retire they will become non-executive directors; their places on the executive committee will be taken by Paul Vlek and Herman Brugink, who will then become deputy chairmen.

Bill McGrath, group chief executive of WICKES, has been promoted to deputy chairman; Arkadi Bykhovsky, formerly senior vice-president of Noranda Forest, has been appointed chairman of Hunter Timber Group and Malden Timber and thus to the main Wickes board.

William Burton, formerly head of strategic analysis for British Airways, has been appointed director of marketing and business development for W.H. SMITH Office Supplies.

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Dr. Vittorio Orvì

and, as a copy, at the attention of EFIM Liquidator, Via XXIV Maggio 43/45 - 00187 Roma - Italy.

EFIM Liquidator shall reserve the right to exclude from sale the shareholdings - owned indirectly by EFIM - in AVIS, Cometa and Breda Fucine Meridionali. Intermediaries and/or fiduciaries are explicitly excluded from participation in the sale which will be carried out in the current de facto and de jure conditions of the shareholdings.

This invitation does not represent a public offer ex art. 1336 Civil Code and is aimed at obtaining the invitation to offer the acquisition by one buyer only; it does not therefore represent "sollecitazioni del pubblico risparmio" as stated by art. 1/18 of the Law n.216/1974.

Rome, 1st October 1993

Prof. Avv. Alberto Predieri  
Consulente Liquidatore

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Roman Stuck or Robert Mann on  
071-405 0944 ext. 2185.

Respectfully yours,  
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The Joint Administrative Receivers of Lupinder Limited offer for sale a landmark building in a prime city centre location (formerly the Refuge Assurance Headquarters). The site consists of:

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Tel: 021 233 2101. Fax: 021 643 7647

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- Raw materials and finished stocks.
- Some plant and machinery.
- Office equipment.

For further details, please contact  
R.G. Mullins Esq.,  
Joint Administrative Receiver  
BDO Binder Hamlyn,  
Broad Quay House,  
Broad Quay, Bristol BS1 4PQ  
Tel: 0272 279936  
Fax: 0272 225900

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## BUSINESSES FOR SALE

## PRECISION ENGINEERING COMPANY

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The Joint Administrative Receivers offer for sale the business and assets of this well-established company, based in West Sussex which manufactures precision components and assemblies for the aerospace, defence, medical and scientific industries and control column systems and specialised assemblies for the aircraft industry.

Principal features of the business include:

- turnover in excess of £2.5 million
- substantial modern plant and equipment
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- experienced management team and workforce
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For further information please contact Peter Whalley, Joint Administrative Receiver at Coopers & Lybrand, 1 Port Way, Port Solent, Portsmouth PO6 4TY. Telephone: 0705 201858. Fax: 0705 201784.

Coopers & Lybrand is authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business.

MINISTER OF PRIVATISATION  
OF THE REPUBLIC OF POLAND

## INVITES TO NEGOTIATIONS

for the purpose of share purchase in:

- 1) ZSI "POLAM-SZCZECINEK" S.A.
- 2) "POLAM-MYSLAKOWICE" Sp. z o.o.

The Minister of Privatisation acting on behalf of the State Treasury pursuant to article 23, Law on Privatisation of State-Owned Enterprises of July 13, 1990 (Dz. U. No. 51/90, item 298 with subsequent amendments) invites investors interested in the purchase of not less than 10% shares in above mentioned Companies to submit their offers.

According to article 24 Law on Privatisation of State-Owned Enterprises up to 20% of the shares will be offered to employees of the Companies.

Zakłady Sprzetu Instalacyjnego "Polam-Szczecinek" S.A. seated in Szczecinek is one of Poland's major manufacturers of electrical installation accessories (switches, couplers, extension cords, plugs). The Company's sales in 1992 amounted to 294 billion zlotys.

Limited Liability Company "Polam-Myslakowice" seated in Myslakowice is an important producer of electrical porcelain and other electrical installation accessories (fuse-carriers, fuse-bases). The Company's sales in 1992 totalled 84 billion zlotys.

Please submit your offers to "INTERBANK" S.A. (advisor of the Minister of Privatisation) within three weeks from the date of this invitation.

## ADDRESS:

"INTERBANK" S.A.

Folsal Str. 19

000-372 Warsaw

fax: (48-22) 26-15-20, 26-15-20, 26-15-20

tel: (48-22) 26-45-72, 26-45-72

(48-22) 26-21-69, 26-29-79

Contact: Ilona Blaszczyk-Przybycinska, Teofil Kloda

Information Memoranda about the said Companies will be available to prospective investors after signing the confidentiality agreement.

The Minister of Privatisation reserves the right to extend the deadline to submit offers, cancel this invitation or refrain from commencing negotiations without stating reasons.

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## LEGAL NOTICES

## COMPETITION ACT 1980

## NOTICE UNDER SECTION 36(1)

File Scottish Gasboard Limited:

relevant notice

This notice correctly states the matters to be investigated and replaces any previous notice.

Under section 3 of the Competition Act 1980, the Director General of Fair Trading is to investigate whether File Scottish Gasboard Limited ("the company") has been or is pursuing a course of conduct which amounts to an anti-competitive practice.

The matters to be investigated are:  
(1) the conduct of the company in respect of:  
- the registration of commercial bus services on unlicensed routes in the File Region of Scotland;  
- the method of operating those services;  
- the fares charged on those services.

(2) whether that conduct, or itself or when taken together with a course of conduct pursued by persons associated with the company, has or is intended to have or is likely to have the effect of restricting, distorting or preventing competition in connection with the supply of bus services in the File Region of Scotland.

If you have any information which you consider would help the Director General, please write to: Office of Fair Trading, Branch CPID, Room C426, Chancery House, 5/6/7 Chancery Lane, London WC2A 1SR.

Your letter should arrive as soon as possible; it is to be taken into account in the inquiry.

## COMPANY NOTICES

## PORTUGUESE GOVERNMENT 3% EXTERNAL DEBT 1992

In accordance with the law of the 14th May 1992 and the Decree of the 9th August of the same year the Slaking Fund instalments due (1st July 1993) have been effected by the Junta do Credito Publico in Lisbon as follows:-

1ST SERIES BONDS  
Purchased in the market consisted of 40 bonds of £20.00 totalling £800.00. The balance of the instalment was made up by the drawing in Lisbon of 1850 bonds of £20.00 each and 250 bonds of £10.00 each, having a total value of £66,000.00.

2ND SERIES BONDS  
Purchased in the market consisted of 1 bond of £19.90 totalling £19.90. The balance of the instalment was made up by the drawing of 302 bonds of £19.90 each, and 10 bonds of £99.50 each, having a total nominal value of £6,965.00. In accordance with the terms of the General Bond, bonds of this series are repayable at a premium of 25% of their face value.

3RD SERIES BONDS  
The instalment has been met by the drawing of 4055 bonds of £19.90 each and 180 bonds of £99.50 each having a total value of £29,201.50 together with an equal number of non-interest bearing bonds.

The above-mentioned drawings bonds are repayable from 1st July 1993 to 31st January 1994 and those stamped by the Portuguese Financial Delegate for payment in sterling may be presented for payment at the Securities Department, Counter of Baring Brothers & Co., Limited, Broadgate Branch, 155 Broadgate, London EC2M 3JY, where lists of the numbers of the bonds and judgment listing forms for the drawings

## Notice of Meeting of Creditors

## BOLLAMORE LIMITED

In Administrative Receivership

NOTICE IS HEREBY GIVEN, pursuant to Section 48 of the Insolvency Act 1986, that a meeting of the Creditors of the above named company will be held at the Grosvenor Suite, Grosvenor House Hotel, Charter Square, Sheffield on Monday 18th October 1993, at 1.30 pm for the purpose of having an account laid before them, showing the events leading up to the appointment of the Joint Administrative Receivers, the manner in which the administrative receivership has been conducted and the property of the company disposed of, and of hearing any explanation that may be given by the Joint Administrative Receivers.

Creditors whose claims are wholly secured are not entitled to attend or be represented at the meeting. A person is entitled to vote at the meeting only if he has given to the Receivers, not later than 12.00 pm on the business day before the above day fixed for the meeting, details in writing of the debt that he claims to be due to him from the company, and this claim has been duly admitted by the Receivers. A creditor entitled to attend and vote at the above meeting may appoint a proxy or proxies to attend and vote instead of him.

M. L. McGilp  
Joint Administrative Receiver,  
Arthur Andersen, St. Paul's House, Park Square, Leeds LS1 2PS  
Dated this 29th day of September 1993.

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M. L. McGilp  
Joint Administrative Receiver,  
Arthur Andersen, St. Paul's House, Park Square, Leeds LS1 2PS  
Dated this 29th day of September 1993.

## IN THE MATTER OF

## MEZGATUNST (EUROPO) LIMITED

AND

IN THE MATTER OF

THE CYPRUS COMPANIES LAW CAP 113

Notice is hereby given that the creditors of the above-named company which is being voluntarily wound up are requested to submit their claims to the Liquidator, on or before the 1st day of November 1993 to send in their full names, their addresses and descriptions, full particulars of their debts or claims and the sums and addresses of their solicitors (if any) to the undersigned Mr. Anthony Paul Demetris FCCA of 101, Victoria Street, 2nd Floor, Nicosia, Cyprus, the Liquidator of the said company, and if so required by notice in writing from the said Liquidator, are to submit their claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any dividend made before such debts are proved.

Dated this 1st day of October 1993  
A. Paul Demetris  
Liquidator

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OLCO

GROUP OF COMPANIES  
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The Liquidator, offers for sale the assets and undertaking of the OLCO GROUP OF COMPANIES, a well known information technology group.

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For further details please contact the Liquidator:  
John Alexander, Pannell Kerr Forster, New Garden House,  
78 Hatfield Garden, London EC1N 8JA.  
Tel: 071-831 7393, Fax: 071-405 6736.

Authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business

PANNELL  
KERR  
FORSTER

CHARTERED ACCOUNTANTS

## ANNOUNCEMENT

## PUBLIC AUCTION FOR THE HIGHEST BIDDER

GREEK EXPORTS S.A., established in Athens at 17 Panepistimiou Street and legally represented, in its capacity as Liquidator, in accordance with article 46a of Law 1892/1990 as supplemented by article 14 of Law 2000/1991 and following Decision No. 5749/1993 of the Athens Court of Appeal

a Public Auction for the Highest Bidder, with sealed, binding offers for the purchase, as a whole, of the assets of the society anonyme COMMUNAL COOPERATIVE COMPANY FOR THE EXPLOITATION OF LIGNITE IN THE KYMI AREA (KOLSELIK.S.A.) which is under special liquidation. The company is established at Kymi, Babos and is engaged in the exploitation of the underground lignite mine of Kymi (Harcopos), i.e. mining lignite and selling it.

1. Parties interested in making part in the auction are invited to receive the Offering Memorandum from the Liquidator and the draft letter of guarantee in order to submit a sealed, binding offer to the Notary Public appointed to the auction, Mr. Spyros Mangos (Tel. +30-222-22866) up to 1900 hours on Thursday, 21st October 1993.

2. Bids must be submitted personally or by a legally authorised representative.

3. The bids will be opened by the above-mentioned notary on Friday, 22nd October 1993 at 1000 hours and in the presence of the Liquidator. Persons having submitted an offer by the appointed time are also entitled to attend. Offers submitted beyond the appointed time will not be accepted or considered.

4. The highest bidder shall be deemed the one whose offer was judged by the Liquidator and approved by the majority of the company's creditors as being in the creditors' best interests.

5. The expenses for the transfer of the assets for sale (taxes, stamp duty, notary and mortgage fees, fees, dues and other expenses for drawing up topographical plans in accordance with Law 651/77, etc.) are to be borne by the buyer.

For any further information interested parties should apply to:





A 'presentation drawing' of Cleopatra by Michelangelo

## Drawn to Michelangelo

Italy's museum revolution is gathering momentum. Earlier this year, the new Minister of Culture Alberto Ronchey decreed that the country's notoriously inhospitable state monuments, museums and galleries should be open from 9 a.m. to 7 p.m. No more apologies pinned to firmly closed doors. No more closures at two.

Over the summer in Florence, for example, some 20 museums welcomed visitors for late evening viewing too. The city's museums have authorised an unprecedented number of loans to London's Accademia Italiana for a Lorenzo the Magnificent show which opens later this month. A few years ago, such a project would have been unthinkable.

This cultural perestroika is also affecting what the public sees. Visitors to one of Florence's least known small treasure houses, the Casa Buonarroti, off the tourist track in via Chibellina, will find 18 of its finest Michelangelo drawings on show together for the first time (until October 31). Their display is a bold move in a country where museums tend to exhibit facsimiles of drawings rather than originals.

Michelangelo never lived at the Casa Buonarroti. The present house was built on a site he bought for his nephew and later decorated by his grand-nephew Michelangelo the Younger with frescoes which turned the master's life into history. Loans and gifts supplementing the family holdings, including works returned by the Medici, have transformed the house into a veritable shrine.

Alongside portraits by Bugiardini and Daniele da Volterra is the most recent addition to the Michelangelo iconography:

a marble group of the young Michelangelo sculpting the famous head of a man by one Cesare Zocchi (1851-1922). It seems a fearless act of homage seen beside Michelangelo's technically daring low-relief "Madonna of the Steps" and the tumult of intertwined figures in the "Battle of the Centaurs".

The greatest glories of the drawings collection have long since gone, dispersed by the family and now largely divided between the British Museum and the Ashmolean Museum in Oxford. What remains, as reported by Susan Moore, is a

**Susan Moore visits the Casa Buonarroti in Florence**

fascinating group that reveals a great deal about the artist's range, working practice and ever astonishing inventiveness. We find figures studies and compositional sketches in pen and ink, black chalk and red chalk, plans and elevations of churches and schemes for city fortifications. There are vigorous working drawings precise enough to be used by craftsmen, alongside extraordinary flights of imagination. A few swift strokes of the pen on a letter to a friend describe how he painted the Sistine ceiling.

Many of the drawings reveal Michelangelo's obsessive desire not to waste paper, even though paper was no longer a luxury commodity. One particularly beautiful early figure drawing, after a figure of Hercules on an antique sarcophagus relief, was kept for some 20 years before being folded in four and its verso re-used for jotting down expenses. The list includes the

cost of a pair of slippers for his nephew and heir Leonardo.

It is typical of Michelangelo's genius as well as his frugality that his sketch for the elevation of San Lorenzo should be only some 10cm wide and free-drawn in soft red chalk with little concern for accuracies of scale or proportion. Other sheets here show him trying out various schemes for the great staircase in the vestibule of the Laurentian Library and designing the desk and benches for the reading room inside. On a drawing for the base of a pilaster in the New Sacristy, he cannot resist adding an eye and a few extra touches to turn the elaborate moulding into a profile of a gaping-mouthed human head.

Most remarkable is a design for the monumental Porta Pia in Rome, the city gate commissioned by Pope Pius IV and still immortalising his name. In this much altered pen and wash drawing, heightened with white bodycolour, Michelangelo has given his design a sculptural richness never previously seen in architectural drawing.

In pride of place in the collection is one of the so-called "presentation" drawings. These exquisite chalk drawings were conceived as works of art in their own right and given to his closest friends. This idealised head of Cleopatra was presented to the Roman nobleman Tommaso dei Cavalieri. Its recently uncovered verso presents an altogether more convincing image of the queen post ap. wide-eyed and screaming. Tommaso was obliged to surrender the drawing to Duke Cosimo de' Medici. In a letter lamenting its departure, he said that it was like losing one of his own children.

The music is the main reason for celebrating the return of English National Opera's ten-year-old *Rape of Lucretia*. This first of the Britten chamber operas is nowadays one of the less often performed of his stage works, yet it boasts one of the most ravishing and finely fashioned of all his scores.

In the Coliseum - London's largest theatre and therefore, one would once have thought, miles too large for it - the instrumental filigree fills out the spaces with unforced, unexaggerated radiance. A single phrase for the harp conjures up images of Lucretia's serene domesticity (did any theatre-composer ever re-imagine the instrument more inventively than Britten?), the stuttering cor anglais lament after her rape achingly uncovers thoughts and feelings temporarily too painful for verbalisation.

If, indeed, one wanted to demonstrate the mysterious power of music to make fully-fledged drama out of inadequate verbal material, it is *The Rape of Lucretia* that one might well scan for particularly poignant examples. The artiness of Ronald Duncan's verse-libretto becomes no easier to bear with the passing of the years. Yet, since the dramatic scheme beneath the postscript suggested possibilities to which Britten was responsive, the opera becomes through its music an intensely affecting drama of adult people and adult emotional conflict.

The music is well treated - and very well played - in this ENO revival. It is not yet unfolded with ideal containment and reticence: on Wednesday the conductor, David Parry, seemed too intent on urging drama, force of statement, maximum volume from all his performers, and insufficiently trustful of the score's innate carrying power.

The performance was certainly kept moving; there was no slacking of the reins. But there is a kind of expressive delicacy that one recalls from *Lucretia* performances long past, and which - to its slight detriment - this one lacked.

Vocally likewise: while the current ENO cast contains voices of genuine "operatic" amplitude and authority, much more so than the English Opera Group used to have at its disposal, the use of those voices was not always disciplined to tapping the sense of the musical lines. Kim Begley, now a splendid dramatic tenor in full sail, apt for Lohengrin or Siegmund in any theatre, rang out from on high as the Male Chorus, *mutatis mutandis*, the same qualities could be admired in Rita Cullis's *Female Chorus*. Understatement was not an option chosen by either singer; nuance was missing.

The other male members of the strong cast - Peter Coleman-Wright (Tarquinius), Paul Napier-Burrows (Junius), even Richard van Allan's well-remembered Collatinus - also needed to draw in their vocal horns. The other females commanded much more of the refinements on which the vocal writing is predicated: Jean Rigby once again a direct, deeply moving Lucretia (apparently not in best voice), Yvonne Barclay a light, pretty Lucia, and - best of all -

Catherine Wyn-Rogers a Bianca of grave, calm steadiness of utterance.

In 1993 Graham Vick's spare production, with its wooden platform, screens, balconied walkway and absolute frankness of statement, carried a fierce dramatic charge rehearsed now by Sally Day, it seemed plain but not always dramatically potent. But the wonderful beauty of the music is never scathed or sighted: which is grounds enough for warmly welcoming the revival.

English National Opera at the Coliseum, London WCL2 in repertory until October 21



Jean Rigby in the title role with Peter Coleman-Wright as Tarquinius in Britten's chamber opera

## The Lille Festival/Antony Thornecroft

## A little light train music

Paris. It is now showing some music under director Brigitte Delannoy. Every year there is an international scene. For 1993 it is the Orient Express (The TGV by itself was considered too limiting). In contrast

Last week Harrison Birtwistle called for more light music, and it is an area where Nymman, with many film scores behind him, excels. He is fond of hammering a note, and a phrase, to minimalist depth, and this works well for the monotony of a train journey. MGW could easily become the Eurotunnel anthem, offending, exciting few, a reassuringly safe evocation of bi-national co-operation.

Earlier Kathryn Stott played The Piano Concerto, Nymman's music for the film *Piano Lesson*. By its nature this is background music, brooding, descriptive, but inevitably transitory in its grip. Stott stuck to it, but was given few opportunities to sparkle. Nymman had been commissioned by the Lille Festival, which over 30 years ago was the first arts festival to rebel against the centralising grip of

the Orient Express traversed the continent, so the festival, which concentrates on music and film, calls on musicians and styles from Vienna, Budapest and all the Balkan stopping points east.

It also called on the Siobhan Davies Dance Company to perform *Different Trains*, the work Davies choreographed to the music of Steve Reich. It was

re-staged for Lille, Davies having the confidence to add to the characterisation of the dancers. It is a powerful piece with Reich's driving minimalist score played by the Smith Quartet against the tape of a recorded quartet and fragmentary and distorted words. The energy of the music, in which Reich remembers trans-American train journeys of his youth and the cattle trucks that took his relatives to Nazi concentration camps, is matched by the rapid, agile, gestures of the dancers as they run from their fate. Sometimes their movements reflect the petty preoccupations of peacetime; but the darker depths of entrapment give the work its dynamic strength. A giant cog turns as the backdrop, reflecting the wheels of the train and the remorseless fate. Davies' journey is a much more significant and affecting experience than that of Nymman.

Also performed was her latest work, *Waiting to Tell Stories*, an elusive, less concentrated work, but fine at relating bodies and poses and then separating them through the screens of wire netting designed by David Ruckland. If you feel slightly cheated by the abstraction you can enjoy the maturity of the dancers, rolling with the rhythms and still finding their moments of ambiguous stillness.

Next year the Lille Festival takes as its theme *The Promised Land*, the hope coming from the Israeli Palestine talks, although Delannoy chose the subject before the recent breakthrough. This festival will grow in size and influence. The local authorities are supportive with cash; a 6,000 seat arena and a 1,000 seat music theatre are rising near the new station. The Lille Festival grew up to entertain and stimulate the locals but by next September Lille will be an hour from Paris, less than 30 minutes from Brussels - and just two hours from London. Lille is going European and wisely using the arts to anchor itself at the epicentre of the new market place.

## Concert/John Allison

## Unique sound of the Czechs

equally rich in tradition and imagination. They produce a distinctive, indeed unique, central European sound - warm strings, vibrant winds, raspy brass (the horns especially characteristic) - that sets the band apart from the homogenised super-orchestras of the West.

The Czech Philharmonic's conductors have been distinguished. Wednesday's concert was to have been led by one of the notables in the line, Václav Neumann, but his indisposition brought a replacement in Vladimír Válek, principal conductor of the Czech Radio Sym-

phony Orchestra. He was efficient, but the concert belonged to the orchestra and, in the concerto, to the commanding soloist.

He was Lynn Harrell, who proved himself alert to the work's rhapsodic detail and formal structure; the performance was enriched by the obvious mutual admiration of cellist and orchestra. Harrell dug affirmatively into the opening statement, and thereafter provided playing by turns fervent and lyrical. Flightily in the passage-work, he was warm of tone in the moments of tenderness.

Válek's account of the symphony was less comfortable. He conducted confidently, from memory, with superficial results. The scherzo sounded restless, even improvisatory, the outer movements fiery but pushed; the finale, especially, was brash where it should have been broad. Válek responded best to passages of folk-like jollification - where the Dvořák of the Slavonic Dances is evoked (we heard two of them as encores - and to the Largo, a slow, poetic performance allowing one to revel in the orchestra's matchless sound. There is a chance to sample more of it in the concert conducted by Libor Pešek (at the Barbican) and Jiří Bělohlávek (at the Festival Hall) this weekend.

## INTERNATIONAL ARTS GUIDE

Unlike most contemporary music festivals, Wien Modern is a genuinely popular event in the Viennese musical calendar. Claudio Abbado founded the festival in 1988, and it has gathered momentum with each succeeding year, thanks in part to strong financial support from the city of Vienna and the Austrian government. The Viennese public has lapped up the imaginative programmes, and the organisers have done everything possible to make the festival accessible to a wide audience. So if you visit Vienna in November and want to go to a concert, it is hard to avoid Wien Modern.

This year's festival runs from October 26 to November 28. The music of four composers provides the backbone to the programme: this year's choice falls on Krzysztof Penderecki, Toru Takemitsu, Austrian composer Erich Urbanner and

the late Bernd Alois Zimmermann. Others well represented are Messiaen, Cezaire, Birtwistle and Mark Anthony Turnage, one of whose works (*This Silence*) forms part of a programme conducted by Abbado on November 6.

The opening programme at the Konzerthaus is devoted to Zimmermann's Requiem (1967-69), with the Slovak Philharmonic Orchestra and Chorus conducted by Zoltan Pesko. Other Zimmermann events include concerts conducted by Michael Glaser, Peter Eötvös and Hans Zender, and a performance of the Violin Concerto by Ernst Kovacic. The religious orientation of much of Penderecki's music is acknowledged in performances of his *St Luke's Passion*, the Polish Requiem and *Te Deum*. Penderecki himself will conduct several concerts.

The concerts are supplemented by films, exhibitions and meet-the-composer sessions (Tickets and information: Wiener Konzerthaus, Lothringerstrasse 20, A-1030 Vienna. Tel 712 1211 Fax 712 12 114)

## EXHIBITIONS GUIDE

**AMSTERDAM** Van Gogh Museum Philippe Rousseau and Louis Weiden Hawkins: neither Rousseau's still-lives nor Hawkins' symbolist and decorative paintings are the work of a master, but they recall the striking role these 19th century

French artists played in their own milieu. Ends Nov 14. Daily Rijksmuseum Rembrandt in a new light: seven restored paintings. Ends Nov 1. Closed Mon

**ANTWERP** Ethnographic Museum Masks from Zaïre: an extensive collection from the Zaïre basin, selected for their cultural as well as aesthetic value. Ends Dec 31. Closed Mon

**MUSEUM MAYER VAN DEN BERGH** The Triumph of Death (1626): a recently-discovered painting by Pieter Bruegel the Younger, on public show for the first time. Ends Dec 31. Closed Mon

**HESSEN HOUSE** Story of a Metropolis: a portrait of the Golden Age of Antwerp in the 16th and 17th centuries. Ends Oct 10. Closed Mon

**BERLIN** Martin-Gropius-Bau Japan and Europe 1543-1929. Ends Dec 12. Closed Mon

**BRITISH MUSEUM** Ernst Ludwig Kirchner: drawings and watercolours from the museum's own collection, covering all stages in the career of the German expressionist painter. Ends Jan 9. Closed Tues

**FLORENCE** Casa Buonarroti Michelangelo - 18 masterpieces: these are the top drawings out of the 200-strong collection owned by the Buonarroti Foundation. All are of the highest quality, and all are signed by the artist. Ends Oct 30

**GALLERIA DEL COSTUME DI PALAZZO PITTI** Fashion at the Court of the Medici. Ends Dec 31

**FRANKFURT** Stadel Gustave Le Gray and

Carlton Watkins, Pioneers of Landscape Photography: a collection of large mid-19th century photographs of French and American landscapes, on loan from the Getty Museum. Ends Nov 7. Closed Mon

**GENEVA** Musée d'art et d'histoire Egyptian Fabrics: a large private collection illustrating the techniques and richly-decorated styles which developed in the transition from the Coptic to the Islamic era in Egypt. Ends May 1. Closed Mon

**LONDON** Hayward Gallery Alphonse Mucha: first comprehensive UK retrospective for 30 years of the Czech Art Nouveau artist, renowned for his fin-de-siècle posters in Paris. Ends Dec 12. Aratara: the most comprehensive exhibition of Aboriginal art ever seen in Europe. Ends Oct 10. Daily

**ROYAL ACADEMY OF ARTS** American Art in the 20th century. Ends Dec 12. Daily

**WHITECHAPEL ART GALLERY** Lucien Freud. Ends Nov 21. Closed Mon

**INSTITUTE OF CONTEMPORARY ARTS** Jean Nouvel. Ends Oct 25. Daily

**TATE GALLERY** Edward Burne-Jones. Ends Nov 7. Daily

**NATIONAL GALLERY** The Wilton Diptych. Ends Dec 12. Daily

**LUGANO** Villa Favorita Lost Empire of the Silk Road: a remarkable collection of 87 well-preserved pieces of Buddhist art from the 10th to 13th centuries, which lay buried under the sands of the Gobi Desert, until they were uncovered during archaeological research in 1908. Also 19th and 20th century

paintings and watercolours from the Thyssen-Bornemisza Collection. Ends Oct 31. Closed Mon

**NEW YORK** Metropolitan Museum of Art The Annenbergs Collection: 53 Impressionist and post-impressionist paintings, watercolours and drawings, surrounded by the museum's own world-renowned collection of 19th century European paintings, all displayed in a newly-reconstructed suite of 20 rooms. The Annenbergs Collection is on display till mid-Dec. Also Tang Family Gifts of Chinese Painting: 10 handscrolls, hanging scrolls and albums from the 11th to 18th centuries. Ends Feb. Closed Mon

**GUGGENHEIM MUSEUM** Paul Klee: 60 works from the museum's own collection. Ends Oct 31. The main museum is closed on Thurs, the SoHo site on Tues

**MUSEUM OF MODERN ART** Robert Rymen: 80 works by the American abstract artist renowned for his white paintings. Ends Jan 4. Gabriel Orozco: first US one-man exhibition by the Mexican sculptor and photographer. Ends Oct 18. Closed Wed

**PARIS** Musée d'Orsay From Cézanne to Matisse, Masterworks from the Barnes Foundation: an extraordinary exhibition of 80 of the finest Impressionist, post-Impressionist and early modern paintings, often completed or confronted by paintings from the Musée d'Orsay's own collection. Ends Jan 2. Closed Mon, late opening Thurs

**MUSÉE DES ARTS DÉCORATIFS** Fabergé: exquisite goldsmiths' work produced in Russia by the firm of Carl Fabergé from the 1870s to 1918. Ends Jan 2

**GRAND PALAIS** Les Nabis: at the end of the 19th century, a group of committed young painters, including Bonnard, Vallotton and Vuillard, influenced by Gauguin's symbolism and the technique of Japanese engravings, used flat surfaces of pure colour to usher in modernity. Ends Jan 8. Closed Tues, late opening Wed

**PETIT PALAIS** Masterworks from Leipzig: 65 oils and 104 drawings, comprising works from the German renaissance, 17th century Dutch paintings, 16th and 17th century Italian drawings and the German romantic movement. Ends Dec 5. Closed Mon

**ROME** S Michele a Ripa Borghese Collection: works by Titian, Caravaggio, Rubens, Raphael and others, on show in this deconsecrated church while the villa in the Borghese gardens is being restored. Ends Dec 31

**ROTTERDAM** Museum Boijmans-van Beuningen Richard Prince (b1949): more than 100 photos, objects, drawings and paintings created by the New York-based artist since 1977, drawing on the rich sources of American consumer culture. Ends Nov 28. Closed Mon

**STUTTGART** Staatsgalerie From Bernini to Praxinos: 140 sketches, drawings and plans by the leading architects and illustrators of baroque Rome, selected from major international collections including Windsor Castle

and the Vatican. Ends Dec 12



The glamorous advertisements of the world's big coffee processors contrast sharply with the blunt tactics of the less wealthy farmers who grow the coffee beans.

Today 40 coffee-producing countries, representing 90 per cent of world exports, will start withholding some supplies from the market in an attempt to force up prices. The fact that they are almost certain to lose revenue by their action underlines their frustration at the collapse of coffee prices in recent years.

World bean prices have halved in the four years since the International Coffee Organisation's price support scheme collapsed in 1988, when buyers and suppliers failed to reach agreement on renewing the pact. The cost to farmers of the fall in prices, in terms of revenue foregone, has been \$30bn (£1.9bn) a year.

But because the fall in coffee bean prices has not been reflected in the supermarkets, the international food companies such as Nestlé, Sara Lee and Kraft General Foods have seen their earnings rise in the world retail coffee market, which is worth \$30bn a year.

Consumer prices have fallen by only 5 to 10 per cent since 1989. Twin Trading, the commodities trading company, estimates that the cost of coffee beans in a 100g jar of instant is 20p, compared with 40p in 1988, but the supermarket price has remained at about £1.60.

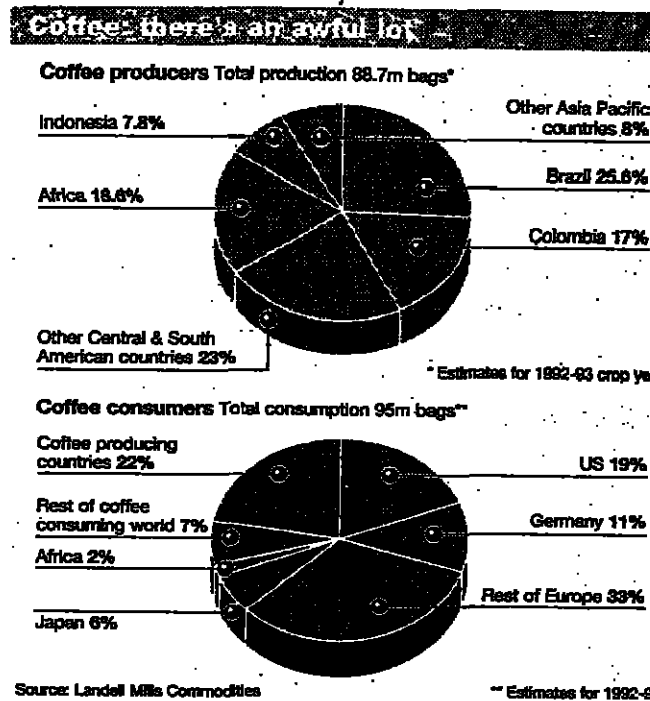
In their defence, the big processors say they want to keep prices stable. But the effectiveness of brand loyalty has made demand for many of their products insensitive to price changes. They have spent heavily on marketing to promote brand names and defend market share; expensive adverts such as that for Nestlé Gold Blend cost as much or more a jar than the coffee beans.

A UK Monopolies and Mergers Commission report two years ago, though clearing Nestlé of abusing its dominant market position in Britain, showed that its return, before interest, on sales of instant coffee was as high as 36 per cent.

Such figures have convinced the bean producers that they have a case for taking action to boost their share of the profits in the coffee market. "It annoys us that coffee consumption has not been increased because of the drop in price, but the roasters are just getting richer," said Mr Nestor Osorio, who represents Colombia's coffee growers at the International Coffee Organisation.

## Fight over a hill o' beans

Deborah Hargreaves and Alison Maitland on coffee farmers' attempts to raise prices



tion in London. Mr Osorio admits the action planned by producing countries is a last resort, following the failure of an attempt in March, under the auspices of the coffee organisation, to revive the agreement between producers and buyers. Though they have since rebounded, average world prices fell to 44 cents per pound in August last year - the lowest level since 1974 - from levels of 120 to 140 cents per pound during most of the 1980s.

"Some of the countries in the scheme are heavily dependent on coffee for their revenues and they have been damaged by these low prices," he says. Under the terms of the retention agreement, which Brazil has offered to administer, producers will reduce their exports by 30 per cent until the world price hits 75 cents a pound. If prices rise above that level, they will withhold 10 per cent of exports until the price

reaches 85 cents per pound, when retention will stop. The plan has already had an impact on world markets. Prices have risen to about 70 cents a pound in anticipation of today's launch. But coffee brokers suspect that the producing countries will find it hard to hold the pact together if prices rise just a little above the current level, particularly as the short-term costs to producers of the agreement could be considerable.

Past attempts to fix coffee prices have relied on the co-operation of governments of consuming countries monitoring imports to ensure that producers are sticking to their quotas. "Without the support of the consumers, which have always monitored the pacts in the past, it makes it much more difficult to check the flow of coffee," said Mr Peter Kettle, head of research at ED&F Mann, the London trading house.

Though some producing countries are still hopeful that agreement might be reached with the consuming countries, the latest pact has been drawn up without them. Indeed the US, the largest market for coffee, cancelled its membership of the International Coffee Organisation last week in protest at the producers' action.

At the same time, coffee market observers are sceptical whether any kind of price fixing deal is possible in an increasingly sophisticated commodities market. The souring of relations between producers and consumers, stemming from the failure to reach agreement in March, has made the task still more difficult.

Mr Osorio complains of the "greed" of the marketing companies which wanted to boost their profit margins. But one US trade official and commodity negotiator, said it was the producers who expected too much. "I used to think that these commodity pacts could work, but there's too much greed. As soon as producers get together with consumers, they expect prices to rise."

The difficulty in fixing prices at a level which suits buyers and suppliers is common to all commodities. Though often seen in the 1970s by developed countries as a means of channelling aid to the third world, such policies fell from favour in the 1980s when huge increases in output by producing countries made schemes costly to run. In 1985, for instance, the International Tin Council's support for prices collapsed, causing difficulties for many producers. Attempts to fix cocoa prices have also broken down.

"You need to set prices at a level that ensures demand is on growing, but also that production is not excessive," says Mr Lawrence Eagles, commodity analyst at GNI, the London securities house. Even the Organisation of Petroleum Exporting Countries, the world's most successful producers' club, has not achieved its price targets in recent years.

The success of the coffee producers' latest attempt to raise coffee bean prices will be evident on the world's commodity futures exchanges in the next few weeks. Producers say that if the processors absorb the extra cost by cutting margins, any rise in world coffee prices should have little effect on consumers. But they may be wrong in assuming that the consequences of their attempt to force up prices will make processors face that dilemma.

## Joe Rogaly

# One more heave



In June he was the most unpopular prime minister since opinion sampling began. The Labour opposition had led in the polls since he took office in 1990. Yet he has now called a fresh ballot, for November 6. No sooner had he announced it than Labour fell eight points behind. Perhaps it had something to do with the central bank's forecast of a couple of years of steady, sustainable, non-inflationary growth.

The hero of the above little history, which has not yet been fully played out, is Mr Jim Bolger, prime minister of New Zealand. That is about as far as you can get from Britain, yet the story has not been lost on Mr John Major. Aware of his own poll rating, which is also at a record low, the British prime minister might be expected to rectify the list of contemporary heads of government who are out of favour, and to name some who have recovered popularity after a bout of mid-term disaffection. I fancy he likes the Bolger story best.

The forecast for New Zealand is 2½ per cent plus annual growth. The British rate has reached about 2 per cent. It looks sustainable and non-inflationary, but stuck on a plateau. Contemplating the economic outlook while sitting at his table in the cabinet room, Mr Major muses that this is due to pre-Budget blight. Warnings of tax increases have made consumers cautious. Once the November statement is out of the way, the rate of growth will accelerate.

This prospect of prosperity will be played upon at the Conservative conference next week. It may be combined with some softening-up for the com-

blined Budget and spending announcement to come. One more heave, the Tories will be told, and the country's finances will be sound. The long journey through the wastelands entered when Mr Major became chancellor and saw the need to conquer inflation will be over. It has to hurt for just a while longer to work.

Contemporary opinion is harsher than that. It says that Mr Major is a weak prime minister, not up to the job, lacking in grip. He might reasonably reply that this is the picture put in people's heads by the media, many leading elements of which turned against him in the eye and, after reminding him of the vilification he has endured over the past year, ask whether he thought it worth carrying on. He would say he was elected to do a job and will not simply pick up his hat and walk from the crease. There is no expectation in Downing Street of a leadership challenge, partly on the ground that no conceivable challenger would get the 30 signatures necessary under Conservative party rules.

Mr Major is in a blunt, combative mood. He has acquired a carapace of hardness I have not seen in him before. He is looking well, and talking as if fate has more in store for him than the role of an interim successor to Lady Thatcher. Aware that he plays best in one-on-one conversations he has met some 200 local party bigwigs. He will continue his tours of the constituencies.

The soapbox that featured in the April 1992 election will be deployed where appropriate. He intends to pursue a personal campaign to restore Conservative morale - and, I presume, faith in his leadership. The core of history's justification of his position might run as follows: he has taken everything that could be thrown at him for two years. Why? To maintain the unity of the party. Had he come down hard on one side or the other on Europe the Tories would have smashed themselves to smithereens. Maastricht was the best deal for Britain and party unity. Once negotiated, no prime minister could renege on it; had Parliament rejected the ratification bill, Mr Major would have resigned.

If anyone were to look him

He has no evident fear of being asked to make way for Mr Kenneth Clarke, the chancellor and present darling of the media. To adapt the language Mr Major himself might use, he would go into the jungle with his chancellor and not be afraid to turn his back.

Perhaps his friend Sir Norman Fowler can put the above thoughts across to the party at next week's conference. Possibly a fighting speech, peppered with attacks on the tightly knit group of politically motivated men and women who are creating disunity in the party, will do the trick. References to a tougher stance on crime may help, although Mr Major is neither a hanger nor a flogger - nor, in reality, one for excessively punitive terms of imprisonment. No dramatic denouement is in sight. That is not his way. How he must envy Mr John Smith, who has enhanced his stature by a single battle with the trade union half of his Labour party. Mr Major can only look across the seas to New Zealand, and keep his fingers crossed.

**To adapt language Mr Major might use, he would go into the jungle with his chancellor and not be afraid to turn his back**

## LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

### Question of consistency

**From Mr Bohdan Skrobach.**  
Sir, The west's support for Boris Yeltsin's dissolution of parliament ("West's best bet" September 28) is based on the idea that this body and the constitution were inherited from the Soviet Union. When the disbanded parliament is replaced by a democratically elected legislative body and a new constitution adopted, Russia can assert it has domestically renounced the old Soviet system. Such a declaration implies a similar repudiation externally. Russia can no longer claim a special sphere of influence in the newly independent states of the former Soviet Union. The west should only support a consistency in Russian domestic and foreign policy.  
Mr Bohdan Skrobach,  
33 Rowland Street,  
Toronto,  
Canada M6P 1M2.

### Daily flexibility

**From Mr David Pollock.**  
Sir, I am prompted to write by Diane Summers' article, "TV revenue shows first sign of upturn" (September 27). It gives the impression that newspapers lack the flexibility to respond at short notice to advertisers' demands. It is rare for would-be advertisers to be turned away, and indeed the newspapers' ability to accept copy at very short notice allows advertisers to ensure that their copy is compatible with today's news. It may even reflect it. This flexibility and short response time are important contributors to the unique strength of newspapers as an advertising medium.  
David Pollock,  
director,  
NPA,  
34 Southwark Bridge Road,  
London SE1 9EU

### Obscure view of milk issues

**From Mr Michael Phillips.**  
Sir, The letter from Andrew Dare, chief executive of the Milk Marketing Board (September 28), serves only to obscure the issues set out so clearly in your leading article, "Milking the Milk Monopoly" (September 27). According to Mr Dare: "It may be that supply is limited by EC-imposed milk quotas. But better that the limited supply is priced by the market place." The UK is only about 85 per cent self-sufficient in raw milk, and no increase in the price paid to farmers can increase that supply. The stated ambition of Milk Marketing - the organisation that will replace the MMB - is to control 80 per cent of this restricted supply and thereafter, free from the

present statutory price controls, significantly to increase the prices payable by dairies and consumers. As your leader says, such increases are monopoly rents. Any comparison with the free market in the Netherlands, which is over 200 per cent self-sufficient in raw milk, is wholly misleading. It is perhaps the mark of a monopoly that it can write to the press criticising its customers and dismissing their concerns.  
Jim McMichael-Phillips,  
president,  
Dairy Trade Federation,  
19 Cornwall Terrace,  
London NW1 4QP

less than total demand but goes on to suggest that, despite this, prices should be determined by the market place. This can only mean that UK prices will rise and users of dairy products will be encouraged to direct future investment towards countries which can guarantee reliable supplies at more competitive prices. However efficient our dairy processors prove to be, how are they going to compete successfully with comparably efficient companies in Ireland or the Netherlands or France, where there are adequate supplies and real competition?  
Paul Williamson,  
Biscuit, Cake, Chocolate & Confectionery Alliance,  
11 Green Street,  
London W1Y 3RF

### Sabena adapting to deregulation

**From E de Nil.**  
Sir, Contrary to your report, "Belgium to seek air passenger quotas" (September 27), and your leader, "Clouds in EC open skies" (September 28), Sabena is not seeking additional cash injection, nor fresh state aid. Sabena has dramatically improved productivity in the past two years thanks to a reduction in the workforce of 25 per cent, increased efficiency and flexibility - resulting in a gain of 10 per cent in overall production - and salary reductions for staff in Belgium of up to 17 per cent. A number of other measures have also been taken, which, when fully implemented, will result in savings of more than £100m.

Sabena was one of the few airlines in the world to make a profit in fiscal year 1992-93. Like any other airline, Sabena is having to adapt to deregulation of the European airline industry and the price wars resulting from over capacity. Our chairman, Mr Pierre Godfroid, has proposed to the EC's committee of "wise men"

that EC funds should be made available to the whole of the European airline industry to enable it progressively to adapt capacity to demand as it did for the European steel and textile industries two years ago. In the meantime, Sabena will continue to seek to improve its financial position by aggressive commercial policies.  
E de Nil,  
general manager  
for UK & Ireland,  
Sabena,  
35 Rue Cardinal Mercier,  
Brussels,  
Belgium

### Tecs not backing sub-standard training

**From Mr Edward Roberts.**  
Sir, The picture painted by Martin Pollard ("Incompetent trainees being let loose in the workplace", September 24) is wrong. The overwhelming majority of Training and Enterprise Councils only fund electrical industry training that leads to National Vocational Qualification Level 3. This is the appropriate standard for that industry and Tecs work closely with the industry to ensure it happens. Mr Pollard is wildly out of date. Tecs are not in the business of funding sub-standard training. They exist to increase the quality of training in all sectors of business and industry so that organisations can improve their skills and competitiveness. To suggest otherwise is thoroughly misleading.  
Edward Roberts,  
chairman,  
TTC National Council,  
24-25 Bloomsbury Way,  
London WC1A 2PX

Until the designers this country trains are employed to design our exports, rather than the goods we import from abroad, British competitiveness will continue to suffer. The restructuring of the Design Council is an opportunity that must not be wasted.  
Jeremy Rewse-Davies,  
president,  
Chartered Society of Designers,  
29 Bedford Square,  
London WC1B 3EG

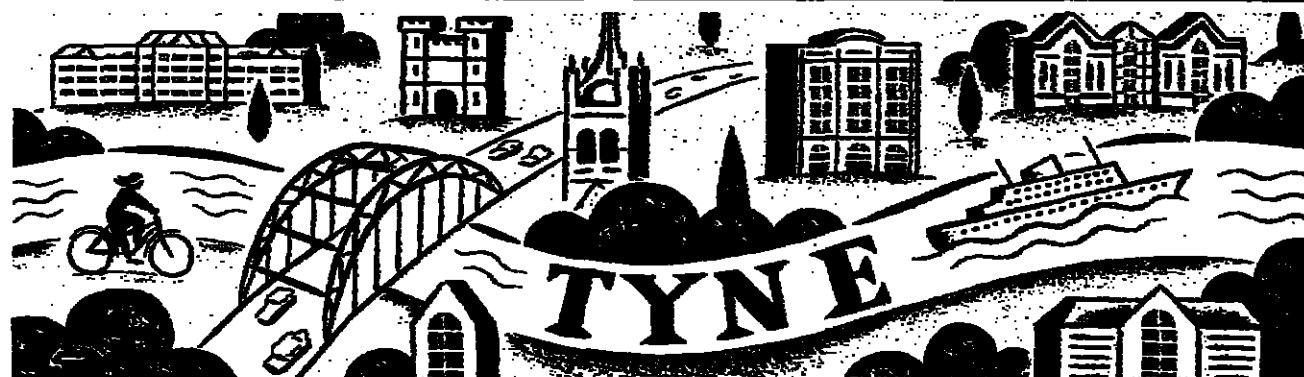
### Opportunity to redesign Design Council must not be wasted

**From Mr Jeremy Rewse-Davies.**  
Sir, The decision to restructure the Design Council is broadly right ("Design Council break-up decided by government", September 24). The Chartered Society of Designers particularly welcomes the appointment as the council's new chairman of John Sorrell, a designer and businessman with an impressive record of promoting design. This society, representing UK design professionals, has repeatedly called both for the council's role to be redefined and for a new programme to convince industrialists of the value of investing in design.

Designers will welcome the government's apparent commitment to what Christopher Lorenz ("The Design Council on a crash diet", September 24) describes as a "high-powered research, evangelism and lobbying body". But certain questions still have to be answered if the newly reorganised Design Council is to achieve its core objectives. The introduction of design advice into a total of 200 Business Links will require substantial investment. The new plans proposed by trade and industry minister, Tim Sainsbury, with their clear potential to help a greater number of

businesses to integrate design into the mainstream of their activity, may require an increase in government funding. Mr Lorenz is right to highlight concerns over the transfer of essential services from the existing council to new homes. Funding is a part of the solution to this, but so is an ongoing process of close consultation. A close two-way relationship between the design profession and agencies, including Business Links, will be essential. In particular, the work presently undertaken by the Design Council in the field of

education must not suffer during the transition. Similarly the new structure must ensure a continuity of the much valued regional expertise built by the council. Until the designers this country trains are employed to design our exports, rather than the goods we import from abroad, British competitiveness will continue to suffer. The restructuring of the Design Council is an opportunity that must not be wasted.  
Jeremy Rewse-Davies,  
president,  
Chartered Society of Designers,  
29 Bedford Square,  
London WC1B 3EG



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**THE BIG FOUR BANKS OF TYNE AND WEAR**





Chapter 16, which details directors' obligations, sets out, a trifle superfluously, how "A company is not required to notify to the Company Announcements Office information which, notwithstanding compliance by it with this paragraph, it does not have."



## Sweeping reform of UK pension industry proposed

By Norma Cohen,  
Investments Correspondent

**SWEEPING REFORMS** of the way UK occupational pension schemes are governed have been recommended by the government's Pensions Law Review Committee, appointed in the aftermath of the Maxwell pensions scandal.

In a 1,000-page document, which was given a broad welcome from employers and pensioners alike, the committee recommends a law spelling out for the first time how schemes should operate. It also urges the creation of an industry regulator, minimum solvency requirements and representation for scheme members on boards of trustees.

But it stops far short of curbing employers' use of contributions "holidays" or requiring them to help pensioners keep pace with inflation, and would allow them to wind up schemes that become too expensive in the future.

Mr Peter Lilley, social security secretary, said the government would consider the recommendations, but it would be "inconceivable" for legislation to be introduced before the 1994-95 parliamentary session. "The government is keen to encourage greater private pension provision and to maintain the positive con-

tribution which company pension schemes have made," he said. "We will wish to take whatever steps are necessary to re-establish confidence."

In welcoming the report, the Confederation of British Industry, the UK's largest employers' body, said it struck "the right balance between improving the position of scheme members and the security of benefits on one hand and the interests of employers - who underwrite most of the

Editorial comment Page 19

obligations - on the other."

Mr Ron Amy, chairman of the National Association of Pension Funds, the industry trade body, said there was nothing in the report likely to prompt employers to abandon final salary pension schemes - which promise pensioners a proportion of their final salary upon retirement - in favour of money purchase schemes. These simply promise that a sum of money will be invested annually on an employee's behalf. "I don't think this will accelerate the move to defined contribution schemes. That is already happening on its own for employers for whom it is appropriate."

Employers' groups had warned

the committee, that proposals would cause final salary schemes to be abandoned. Such schemes are seen as the most secure form of retirement provision.

However, the actuarial profession has sounded alarm over the report's recommendation that a fund's assets should always equal the cost of meeting all existing pension promises if it were wound up immediately.

That could prompt schemes to switch their assets out of equities - in which they are largely invested - and into lower yielding UK government gilts.

Explaining the report's objectives, Prof Roy Goode, chairman of the committee, said: "Our concern is to provide a system which is fair and secure and practical and not too difficult to administer." He said some issues had proved particularly difficult to resolve. Among these was a suggestion that employees who left schemes prior to retirement - the vast majority of members - be entitled to better protection against inflation. The committee was also particularly divided over a suggestion that an industry compensation scheme cover not just instances of fraud, theft and misappropriation, but poor investment performance or maladministration. Both, in the end, were rejected.

## Russian regions issue challenge to Yeltsin

By Leyla Boulton in Moscow

**RUSSIA'S** regions yesterday issued a powerful challenge to President Boris Yeltsin as the head of the Russian Orthodox Church attempted to broker a peaceful end to the siege of the Russian parliament building.

Representatives from 62 of Russia's 89 regions demanded an end to the siege, and a reversal of his decree dissolving parliament, threatening "all necessary measures of economic and political pressure to restore full-blooded constitutional legality" if their demands were not met by midnight last night.

Deputy prime minister Sergei Shakhrai, who attended the meeting, wrote it off as unrepresentative and therefore illegitimate. But the government is sufficiently concerned about what is happening outside Moscow for three of its senior members to be setting off to the far east, Siberia, and southern Russia.

Potentially more significant than the unrealistic midnight deadline was the regional officials' announcement that they planned to form a Federation Council which would supplant a similar body foreseen by Mr Yeltsin as the unelected upper chamber of a new parliament.

They reserved for it alone the right to endorse changes to the Soviet-era constitution to organise a new bicameral assembly, and to convene and monitor simultaneous elections of both president and parliament. Formally, they said it would be up to the parliament to agree to its own dissolution and set a date for elections.

Holed up inside the White House in Moscow, Mr Ruslan Khasbulatov, the parliament's speaker, said "everything would now be decided by the regions". It emerged yesterday that vice-president Alexander Rutskoi had contacted Aleksey II, the Russian patriarch, and the regional leaders seeking their mediation.

Mr Yeltsin yesterday repeated that he would not repeal his decree but did meet the patriarch. A close aide, Mr Gennady Burbulis, said all means had to be found to secure a dignified exit from the White House for Mr Khasbulatov and Mr Rutskoi.

The latter, still calling himself Russia's acting president, yesterday offered to stockpile weapons kept in the White House, if Mr Yeltsin lifted the ring of armoured personnel carriers, razor wire, police and Interior Ministry troops around the White House.

In an attempt to keep up popular support despite unpopular economic measures such as freed bread prices, Mr Yeltsin increased social security payments 81 per cent yesterday. Continuing to woo the deputies, he issued instructions guaranteeing each a job in his administration.

## THE LEX COLUMN

### Goode intentions

Of all the Goode committee's weighty proposals, the minimum solvency standard for pension funds could be the most momentous. As in banking or insurance, a solvency requirement was always a prerequisite for a worthwhile system of prudential regulation. The question is whether its introduction will make the pension industry as risk averse as banks became when capital adequacy ratios were imposed. Since UK funds control £400bn in assets, even a subtle shift in investment will have far-reaching implications for financial markets.

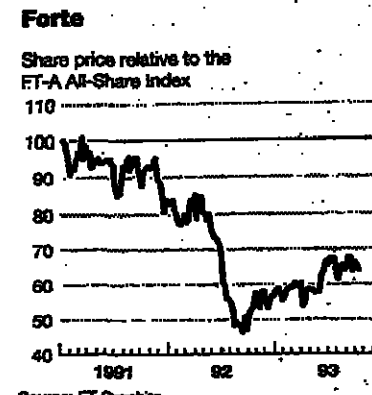
The solvency standard proposed yesterday does not look excessively harsh. But pension fund solvency is a slippery concept which turns on actuarial assumptions on investment return and mortality rates. The committee is right to recommend that actuaries should be appointed by trustees rather than companies. That should help prevent them inclining towards generous valuations to please their paymasters. But Goode has stopped short of prescribing standard assumptions which actuaries should use; this hot potato is instead passed back to the profession.

How they respond will determine whether pension funds feel obliged to shift assets out of equities and into gilts. The assumptions would not have to be particularly tough to leave many pension funds in danger of falling close to the new solvency limit if equities suffer a bad spell. Heavier investment in gilts would surely result. Prudential regulation carries risks of its own in terms of lower investment returns, and ultimately poorer pensioners.

### Redland

For a company which has been straining to sustain a hefty dividend to add to its long-term burden by issuing two scrip dividends may seem rather like trying to extinguish a fire by dousing it with petrol. Although Redland will save £36m of ACT and preserve cash in the short term, it will now have to service 74 per cent more shares over the longer run. This will prove costly given their yield of 54 per cent. It is not even as if the market has much of an appetite for Redland shares. Following a rights issue and the Steeley acquisition in 1991, Redland has issued paper in profusion. The 5 per cent fall in interim earnings despite a 22 per cent rise in pre-tax profits illustrates the dilutive effects. Nevertheless, such concerns will

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Source: FT Graphics

evaporate if the paper dividends buy Redland enough time to enable rebounding UK earnings to resolve its tax dilemma. So far, the news from the home front is encouraging if not conclusive. Volumes and prices are firming but remain well below historic peaks. Redland will have to drive its earnings forward fast to justify its calculated gamble.

The worry would be if German demand deteriorated too sharply before UK earnings did their trick. The German housing market has remained astonishingly resilient thanks to the flood of immigrants in the west and the leaking roofs in the east. But the probable expiry of housing tax subsidies at the end of 1994 may well damp demand. Redland will be praying that the UK upturn will be speedy enough for it to squeak through.

### Forto

Forto's strategy is clear from the way it presented yesterday's interim results. Recovery is slow to come through, but, thanks partly to two enhanced scrip dividends in a row, cash flow is strong enough to service its £1.3bn debt. There is no need for a rights issue, or for hasty sales of assets at knock-down prices. That is a legitimate approach, but yesterday's 4 per cent fall showed the market was expecting better. After all, the near doubling of the shares over the past year was predicated on the benefits of operational gearing in its hotels showing through more strongly by now.

There is still a chance of this happening in the second half, but it will depend on the company's ability to

push up room rates as well as occupancy. Equally important it must keep down costs, which are showing more underlying resilience than might be expected at this stage in the cycle. The more reasonable bet is that considerable patience will be required before Forto fulfils its promise.

Though the company can manage on relatively modest capital expenditure, gearing thus limits its ability to exploit growth opportunities - like the expansion of its Travelodge chain in the UK. Arguably Forto's freedom of manoeuvre would be enhanced by the rights issue that seemed likely after the dividend was cut six months ago. But Forto regards equity as too expensive at present yields. Besides, a rights issue would be difficult to sell when even its reduced dividend may now be barely covered in the current year.

### UK retailing

Sears' observation that its margins will start to come under pressure from the delayed effects of sterling's devaluation raises the issue of how much inflationary pressure is still in the pipeline. Price rises yet to come as a result of sterling's exit from the ERM may not be enough to shift the overall level of inflation much, but it may have an impact on retailers like Sears which operate longer-term forward foreign exchange cover for imported products.

Other buyers of imported finished goods may well be in a similar position, since the lead times in such businesses are long. Clothing and footwear retailers which source overseas may thus come under pressure to raise prices this autumn. In contrast, buyers of raw materials like yarn, which have shorter cycles, will already have seen some of the pressure.

Several factors will, however, mitigate any inflationary impact. Devaluation in countries like Spain and Italy, and weak economies worldwide, have made it difficult for hard-currency manufacturers to increase prices. With the yen very strong, this effect has hit Japanese companies particularly hard. Since consumers are reluctant to spend, retailers have had to absorb some of the costs in margins. In areas such as textiles and cars, where quotas apply, margins will have been built up in good times, and can be run down without excessive pain now. Still, as soon as world markets show any degree of strength, the pressure to raise prices and rebuild margins will return.

## Du Pont cuts 1,160 jobs as global nylon analysis begins

By Daniel Green in London

**DU PONT**, the world's biggest nylon supplier, took the restructuring of Europe's chemicals industry another step forward yesterday by announcing 1,160 job cuts in nylon production in the UK and Germany.

Further losses could follow early next year when Du Pont completes an analysis of its world nylon activities.

Mr Alan Titus, managing director of Du Pont Nylon Europe, blamed overcapacity in world markets, duplication of production with US and German plants, and a drift from nylon to other synthetic fibres for clothing and carpet textiles. These had depressed prices and profit margins.

The cuts are at plant bought in July from Imperial Chemical Industries in a £210m (£323.40m) deal. They follow 1,600 job losses

two weeks ago in Du Pont's north American nylon production sites. At the time, Du Pont's US management warned there would be job cuts in Europe.

In July, Snia Fibre of Italy and Rhône-Poulenc of France announced plans to merge their textile nylon businesses. Western Europe capacity is more than 350,000 tonnes a year, but demand is only 240,000 tonnes, according to the Committee of Rayon and Synthetic Filament.

The bulk of Du Pont's new round of cuts falls at UK sites. They include the closure of a nylon textile filament plant at Pontypool, South Wales, with the loss of 400 jobs. Other job cuts are at the company's technical centre and in the production of carpet fibres.

A further 220 jobs will be shed at Oestringen, south of Frankfurt, Germany. These are limited to "infrastructure staff" in areas

such as maintenance and management. German production was more profitable and had more modern equipment than UK sites producing similar materials, Mr Titus said.

Du Pont said it would seek voluntary redundancies and redeployment but "involuntary separations will probably be required at some sites". Mr Titus warned of possible further job cuts. "This first phase is doing things that appear obvious to us," he said. "It does not represent a position of sustained financial health."

Last week, Du Pont's global nylon business began "a fundamental analysis of our entire operations to develop further plans to get us back on the path to sustained profitability".

Du Pont's nylon sales worldwide are \$4.6bn with 21,000 employees. In Europe, revenues are about \$1bn with a staff of 7,500.

## Gonzalez fights to keep plant open

Continued from Page 1

Mr Piëch and Mr Klaus Volkert, the leading spokesman for the German workforce on the group supervisory board, will explain Seat's structural and financial problems, VW said. Mr Diaz Alvarez "mutually agreed" resignation but was announced one day after a VW

group board meeting rejected as insufficient his rationalisation proposals, which included a 22 per cent cut in Seat's 23,000 workforce.

The public rejection of Mr Diaz Alvarez's scheme, an unusual move, was widely considered in Spain and Germany to have humiliated him and left him with no alternative but to quit.

Although analysts had expected his departure, he is highly regarded in Spain as a captain of industry.

VW's demands for radical, rapid action followed the recent disclosure that Seat was heading for an "unexpected" DM1.5bn loss last year. Volkswagen then took to inject DM1.5bn but has refused further assistance.

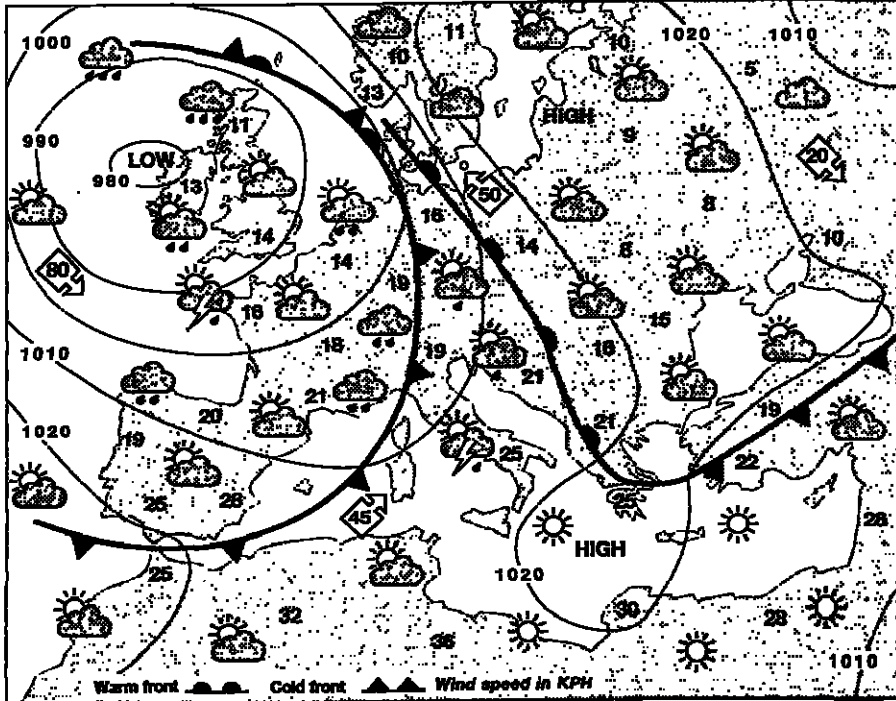
## FT WORLD WEATHER

### Europe today

Active low pressure over the southern UK will bring cool and windy conditions to most of western Europe. Most regions will have thunder showers or rain. Southern Spain and Portugal will become drier with sunny periods and afternoon temperatures of about 25C. Thunder showers and outbreaks of heavy rain will occur over Italy and the southern Alps. The Balkans and south-eastern Europe will have sunny periods and cool conditions with temperatures in northern areas staying near 15C. A strong area of high pressure over western Russia will keep most of the CIS and Scandinavia dry. Cloud will be interspersed with sunny spells. Afternoon temperatures will range from 5C-12C.

### Five-day forecast

Low pressure over western Europe will slowly move east. As a result, unsettled conditions will cover most areas. Frequent showers will occur, especially over Italy and the southern Alps where a lot of rain is possible. Pressure will remain high over Russia, but frontal systems will produce rain in Scandinavia. Southern Spain and Portugal will be mostly sunny with afternoon temperatures around 25C.



Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

### TODAY'S TEMPERATURES

	Maximum	Minimum
Abu Dhabi	38	28
Algeria	28	18
Amsterdam	14	8
Athens	18	12
B. Aires	18	12
B. ham	12	8
Bangkok	33	23
Barcelona	18	12
Beijing	12	8
Belfast	12	8
Berlin	18	12
Bombay	30	20
Brussels	14	8
Buenos Aires	18	12
Calcutta	32	22
Cairo	28	18
Cape Town	22	12
Cardiff	12	8
Chicago	12	8
Cologne	18	12
D. Saleam	30	20
Dakar	30	20
Dallas	30	20
Darwin	30	20
Delhi	30	20
Dubai	30	20
Dublin	12	8
Durham	12	8
Edinburgh	12	8
Faro	12	8
Frankfurt	12	8
Geneva	12	8
Gibraltar	12	8
Glasgow	12	8
Hamburg	12	8
Helsinki	12	8
Hong Kong	30	20
Honolulu	30	20
Istanbul	12	8
Jersey	12	8
Karachi	30	20
Kuala Lumpur	30	20
Las Vegas	30	20
London	12	8
Lucerne	12	8
Lyon	12	8
Madrid	12	8
Manila	30	20
Moscow	12	8
Mumbai	30	20
Myanmar	30	20
Nairobi	30	20
Nagasaki	12	8
Nassau	12	8
New York	12	8
Nice	12	8
Nicosia	12	8
Oaxaca	12	8
Paris	12	8
Perth	12	8
Prague	12	8
Rangoon	30	20
Riyadh	30	20
Rome	12	8
Singapore	30	20
Sofia	12	8
Stockholm	12	8
Sydney	12	8
Taipei	12	8
Tel Aviv	12	8
Tokyo	12	8
Toronto	12	8
Tunis	12	8
Vancouver	12	8
Venice	12	8
Vienna	12	8
Warsaw	12	8
Washington	12	8
Wellington	12	8
Winnipeg	12	8
Zurich	12	8

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<p>Inter American Development Bank</p> <p>U.S. \$1,250,000,000</p> <p>Global Medium Term Notes</p>	<p>African Development Bank</p> <p>U.S. \$500,000,000</p> <p>7% Bonds due 2023</p>	<p>International Bank for Reconstruction and Development</p> <p>U.S. \$100,000,000</p> <p>Floating Rate Notes due 1998</p>

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INSIDE

Chemical Waste and USAir to slash jobs

USAir has warned of further cost-cutting and 2,500 more job losses as weak revenues over the summer reversed its fragile return to profitability of the second quarter. Chemical Waste Management, the handler of hazardous waste, is also cutting its workforce by more than one-fifth as well as planning to take asset write-downs, and restructure operations. Page 22

Second SAS resignation

A second senior executive at Scandinavian Airlines System (SAS) is to step down following the surprise resignation on Monday of Mr Jan Carlzon as president and chief executive. Page 22

Fast track record for diesels

Roger Penske, 56, is best known for his youthful exploits as a motor racing driver. He has another impressive track record - as an entrepreneur. His company Detroit Diesel, which makes diesel engines, is to be floated next week, valuing the group at \$400m. Page 23

GrandMet bids for distiller

Grand Metropolitan, the food and drinks group, has joined Robertson & Baxter, the large Scottish private company, in a recommended offer for North British Distillery which values the Edinburgh-based grain whisky distiller at \$24m (\$127m). Page 26

Bass chief warns of tax impact

Mr Ian Prosser, chairman and chief executive of Bass, spoke out against the impact of changes to end-product taxation of beer saying it would cut profits by \$5m (\$9m) this year and £18m in 1994. Page 26

Fenner plans £17m cash call

Fenner, the industrial products group, has announced plans for a one-for-two rights issue to raise £17.4m (\$26m). Page 28

Hong Kong closes at record high

Hong Kong rose 1.7 per cent to a record close, encouraged by the tone of the Chinese foreign minister, Qian Qichen, before his meeting today with Mr Douglas Hurd, UK foreign secretary. The Hang Seng index rose 125.12 to 7,676.22 in turnover that swelled to HK\$4.95bn from HK\$2.85bn. Morgan Stanley raised the Hong Kong weighting in its global equity model portfolio from 0.2 per cent to an overweight 3 per cent. Back Page

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FT-A world indices	31	London 100	25
FT-A world indices	31	London 100	25
FT-A world indices	31	London 100	25
FT-A world indices	31	London 100	25
FT-A world indices	31	London 100	25
FT-A world indices	31	London 100	25
FT-A world indices	31	London 100	25
FT-A world indices	31	London 100	25

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Chief price changes yesterday

FRANKFURT (DM)	PARIS (FF)	STOCK	PRICE
Basf	245	Basf	620
Bayer	221	Bayer	614
Bombardier	191.5	Bombardier	69.2
Breit	318	Breit	494.2
Deutsche Bank	1090	Deutsche Bank	800
Deutsche Telekom	430	Deutsche Telekom	413.8
Deutsche Telekom	430	Deutsche Telekom	413.8
Deutsche Telekom	430	Deutsche Telekom	413.8
Deutsche Telekom	430	Deutsche Telekom	413.8
Deutsche Telekom	430	Deutsche Telekom	413.8

NEW YORK (US)	STOCK	PRICE
Alcoa	68 1/4	180
Alcoa	68 1/4	180
Alcoa	68 1/4	180
Alcoa	68 1/4	180
Alcoa	68 1/4	180
Alcoa	68 1/4	180
Alcoa	68 1/4	180
Alcoa	68 1/4	180
Alcoa	68 1/4	180
Alcoa	68 1/4	180

NBC makes push into Europe

By Raymond Snoddy in London

NBC, the US network broadcaster, is making its biggest push into the European market with the purchase of a majority stake in Super Channel, the satellite company available in nearly 60m homes across Europe, mainly through cable networks. NBC was last night believed to be signing a \$40m (\$61.8m) deal to buy 75 per cent of the channel. The target is controlled by the Marucci family, which has broadcasting and industrial interests in Italy.

The US company is likely to continue the general entertainment thrust of the channel in the immediate future while increasing the amount of business and financial news. Earlier this year CNBC, the NBC cable channel in the US that specialises in business news, said it planned to expand in Europe and eastern Asia. Mrs Marialina Marucci, the Super Channel managing director, bought the channel in 1988 for \$9 and paid \$2.5m to creditors. The channel, set up in 1987 by a consortium of UK independent

television companies, plus Mr Richard Branson's Virgin Group, was at one stage losing £1.5m a month. The Maruccis have invested \$25m in building the channel's network across west and eastern Europe. Credit Lyonnais will hold a 25 per cent stake in the channel, although the Marucci family is likely to retain an interest in that stake and Mrs Marucci is expected to remain on the Super Channel board. It is believed the Marucci family decided a leading company, such as NBC, was needed to take

the channel forward to its next stage of development. Mrs Marucci intends to set up a television programme production business in London and is already in talks to acquire a medium-sized independent production company specialising in factual programming. Super Channel found it difficult to compete with large broadcasters for recent films and big sports events, but instead developed niche magazine programmes such as Film Europe. It also carries programmes from FT TV, the television programme-

making arm of the Financial Times. In countries such as Austria, Switzerland and Holland, executives say, Super Channel has 3 per cent of the television audience. NBC's entry into the European market should raise the profile of satellite television. NBC is one of a number of US broadcasters showing increasing interest in Europe. Last month Mr Ted Turner launched a channel called TNT/Cartoon Network made up of cartoons during the day and classic films at night.

Paribas static as recession hits banks

By Alice Rawsthorn in Paris

PARIBAS, the French banking group, yesterday announced flat net profits of FF1.12bn (\$190m) in the first half of this year because of the domestic recession. The news of static profits from Paribas, the leading player in French investment banking, comes at a turbulent time for France's banks. The industry has for some time faced the parallel problems of weak demand for credit and the need to make steep provisions on its property holdings and on sour loans to small companies. Credit Lyonnais last week announced that its interim deficit had deepened from FF1.19bn to FF1.05bn between the first halves of 1992 and 1993. Even Credit Commercial de France, previously one of the more robust banks, yesterday reported that a steep increase in provisions had trimmed its interim net profits growth to just 10.7 per cent making a total of FF1.41m.

Paribas hit its nadir in 1991, the year before the recession started to affect other French banks, when it incurred its first ever loss. The group, which includes the Credit du Nord retail banking network, returned to the black last year, but its recovery was checked in the first half of this year.

Mr André Lévy-Lang, chairman, yesterday said that the group's market trading activities had fared well during the first half, but its banking interests had been affected by the depressed state of the European market, triggering an increase in provisions. Paribas' first-half net banking income rose by 33 per cent from FF12.42bn to FF16.5bn, chiefly because of a strong performance from the Banque Paribas investment bank.

However, it suffered a sharp shortfall in additional income from FF3.52bn to FF1.45m mainly because of a reduction in proceeds from share sales. Gross operating profits increased 11.3 per cent from FF7.01bn to FF7.8bn. The group was forced to raise provisions 34 per cent from FF4.75bn to FF6.35bn. It was also forced to write down part of Banque Paribas' exposure on loans to developing countries. CCF results, Page 22

German housing lifts Redland

By Paul Taylor in London

THE STRONG house-building market in Germany helped Redland, the international construction materials group, to report a 22 per cent increase in pre-tax profits to £106m in the first six months of the year. The profit performance was better than expected and compared with pre-tax profits of £88.5m in the first half of 1992. Redland's share price gained 9p to close at 564p.

Mr Robert Napier, chief executive, said conditions were improving in all Redland's main markets. Overseas operating profits rose 41 per cent to £106.5m, benefiting from "another excellent performance" in Germany, where the group has a 51 per cent stake in Braas, the country's biggest roof tilemaker. Overall the German contribution rose from £41.1m to £56.2m.

Profits were also supported by improved results in the Netherlands, Italy and Australasia, as the strong recovery in profits in the US and sterling's devaluation. France was the exception. Mr Napier said further interest rate cuts and implementation of the Balladur package were needed to revitalise the economy.

Group operating profit increased 39 per cent to £120.9m, but interest payments nearly tripled to £19.3m largely reflecting the acquisition of Steetley in March last year. Turnover rose 30 per cent to £1.14bn.

The UK contributed £14.1m in profits, the £2.8m increase reflecting cost savings from the rationalisation of the Redland and Steetley brick and aggregates businesses.

Redland's roofing operations raised operating profits to £55.2m, up from £58.9m. Braas' roof tile volumes in Germany rose 7 per cent, an increase of 2 per cent in the west and 33 per cent in the east.

Redland's aggregates business posted operating profits of £33.6m (£18.1m). In the UK, volumes in sand, gravel and ready-mixed concrete fell but profits were slightly ahead. Brick operations also reported higher operating profits of £12.1m (£10m).

Net debt fell from £664m at the end of December to £641m at the end of June, gearing 35 per cent. The interim dividend is maintained at 8.25p and the group is offering an enhanced scrip dividend alternative worth 12.375p.

Earnings per share slipped to 11.6p (11p), reflecting increased minorities, mainly in Germany, a higher tax charge of 29 per cent and an increase in the number of shares.

Picture, Page 29; Lex, Page 30

The West rings the changes in eastern Europe

Andrew Adonis, Nicholas Denton and Christopher Bobinski report on the growing investment to upgrade telecommunications

Western Europe has an average of 43 telephone lines per 100 people. In eastern Europe, only the Baltic states and Bulgaria have more than 20, while most of the region has between 10 and 15. Therein lies the opportunity for western telecom companies. But it also explains their caution about investing, for the region's poor telecommunications are a reflection as much as a cause of its fragile economies.

"Companies don't want to get left out, but are unprepared to take large risks," says Mr Ross Parsons, east European telecoms analyst with the consultancy CITI Publications. "However, in eastern Europe significant investments come cheap by western standards."

The contrast is stark. Siemens is estimated to have invested \$100m in Hungary. Earlier this month it made its biggest east European investment this year: 80 per cent stakes in two Polish telecoms companies, ZWUT in Warsaw and Elwrow in Wroclaw, for \$36.5m, with a promise to invest \$57m over the next six years. Earlier this year Siemens was rumoured to have offered GEC, the UK supplier, £1.2bn for 60 per cent of GPT, its telecoms communications division.

It is the same story with privatisation. Hungary is set to be the first east European country to privatise its main network operator (Matav). Based on its line coverage, one valuation puts a price of \$3.3m on Matav - of which a third will be offered to a strategic partner later this year. By 1997 Deutsche Telekom will have spent about \$45m (\$68m) in eastern Germany.

Privatisation is likely to be the most effective way of attracting large-scale foreign investment. It can be done in discrete segments. Last year the Ukrainian government established a consortium of its national operator (with 51 per cent), AT&T, Deutsche Telekom, the Netherlands PTT (with 49 per cent between them) to install an international gateway in Kiev and construct an inter-regional long distance network.

The company, Utel, was originally responsible for a long distance service covering 13 regions; this has since been extended to cover the country's 12 other regions. Utel has an exclusive 15-year licence for international and trunk traffic.

In terms of investment, Hungary has taken the lead in telecoms modernisation, and foreign involvement has been commensurately extensive. Since 1989 Matav has installed digital exchanges and in 1990

chose LM Ericsson and Siemens as exclusive suppliers over five years. Equipment orders have not been as closely tied to investment commitments as in Poland, and Ericsson's main local interest remains a 55 per cent stake in a small joint venture with Muzertechnika, a Hungarian private company. The other important arena for western players has been mobile communications. This summer Hungary raised nearly \$100m in concession fees for two new digital networks. One will be built by US West and Matav, the other by a consortium of telecoms companies from the Netherlands, Denmark, Sweden and Finland. The two groups are expected to invest up to \$200m each in network development over 10 years.

Hungary has already attracted about \$5.6bn in foreign investment since 1988. Mr Gyorgy Schamschula, Hungary's telecoms minister, believes the privatisation of Matav offers the chance to attract "as much foreign capital again as has come to Hungary so far".

Deutsche Telekom has formed a powerful consortium with Cable & Wireless of the UK and Ameritech of the US to bid for Matav. Industry speculation on rival groups centres on France Telecom, US West, and VPT. Southwestern Bell and Sisk, the Italian state operator, are also thought to have bought information memoranda.

By contrast, in Poland ideas for selling a 20 per cent stake in the state operator will probably be shelved by the incoming centre-left government. The state also has strict conditions on foreign investment, for instance, companies are obliged to produce in Poland half of the equipment they install.

In Poland, the future belongs to Alcatel, which is installing systems in Krakow and Piotrkow; Siemens, which is installing \$72m worth of local and international switches in Silesia; and AT&T which is building networks in Gdansk, Szczecin, Wroclaw, Siedlce and Plock and laying 1,500km of fibre optic cable worth \$30m.

Funding has come from credits arranged by suppliers, the World Bank, the European Investment Bank and most recently the EBRD for the \$150m Gdansk project. Telekomunikacja Polska (TP SA), the state telecoms operator, is highly profitable and plans to cover one third of investment outlays out of its own funds. Although privatisation of TP SA seems to be off the agenda,



TELEPHONE LINES IN EASTERN EUROPE

	No of main lines, 1991 (000s)	No. of main lines per 100 people, 1988	1991
Bulgaria	2,250	22	25
Estonia	340	19	21
Hungary	1,100	8	11
Latvia	640	22	24
Lithuania	820	18	22
Poland	3,500	12	15
Russia	22,000	14	15
Ukraine	8,000	14	15
For comparison:			
UK	26,000	42	45

Source: CITI Research

local networks can be operated by anyone, local or foreign, without restriction. About 50 local operating licences have been issued, though only two local companies have started to install lines. The main problems are lack of finance and obstructions from TP SA, which is jealous of its monopoly. However, one local project - in Pila to install 100,000 lines at a cost of \$80m - appears to be going ahead with backing from the International Finance Corporation. Sprint, the US long-distance operator, will be

the managing company. There is also overseas involvement in Poland's cellular sector. Centertel, a cellular network owned by Ameritech, France Telecom and TP SA, has invested \$135m and has 10,000 subscribers.

The rest of eastern Europe is a similar patchwork of discrete, small-scale operations and joint ventures by western companies. But if the Hungarian privatisation is seen to be a success, the region could move sharply up the telecoms investment league.

Sumitomo writes off securities losses incurred by subsidiary

By Robert Thomson in Tokyo

SUMITOMO Corporation, the Japanese trading house, is to write off unspecified securities losses incurred by a financial subsidiary which had invested \$80bn (\$754m) through special trading accounts to supplement core profits.

Sumitomo said the subsidiary - SC Finance - had appraisal losses of around \$20bn at the end of March, when the Nikkei index closed at 18,591, far below the market peak of 38,915.57 of late December 1989. The index closed at 20,105.71 yesterday.

Many Japanese companies, including trading houses, had come to regard stock investment as a "new profit centre" during the late 1980s, but have since suffered bruising losses, most often

on "tokkin" or specified money trusts. Tokkin became popular during the 1980s, as capital gains could be converted to income, prompting some companies to use the trusts for investment in risky stocks.

However the fall of Tokyo stock prices in 1990 meant investors suffered huge losses.

The move by Sumitomo follows Mitsubishi Corporation's rescue earlier this year of a subsidiary, MC Finance, which had accumulated losses of \$20bn on securities investments of about \$70bn.

Mitsubishi established MC Finance to act as a banker for subsidiaries, borrowing large sums from banks at discount rates and passing on the savings to smaller members of the group, but the company was later encouraged to generate income

through stock investment. Sumitomo did not say what impact the write-off would have on pre-tax profits for the first half, which ended yesterday, but the company is expected to sell other stocks to cover the losses.

In the year to March, Sumitomo reported an appraisal loss on securities holdings of \$18.7bn and had a special profit of \$1.5bn on a property sale.

Japanese companies could be tempted to write off the investment losses now because there are increasing fears that Tokyo stock prices will slip again in coming months.

When stock prices first began falling, companies were so shocked by the losses on tokkin that they complained to leading brokers, who were later punished for unfairly compensating them.

This announcement appears as a matter of record only

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September 1993

## INTERNATIONAL COMPANIES AND FINANCE

## Crédit Commercial rises 10.7%

By Alice Rawsthorn in Paris

CRÉDIT Commercial de France (CCF), one of France's leading retail banking groups, increased net profits by 10.7 per cent to FF4.61bn (\$654m) in the first half of this year, in spite of the sluggish state of the French banking sector.

Mr Charles de Croisset, who took over as chairman of CCF earlier this year following the appointment of Mr Michel

Pébereau as head of the Banque Nationale de Paris banking group, said that one of the main reasons for the growth in CCF's profits had been its efforts to "strengthen cost control" to offset the effects of the difficult trading climate.

Although other French banks, notably the loss-making Crédit Lyonnais, have come under intense pressure in the past year, CCF has remained

robust because of its niche position as a value-added retail bank and its relatively low exposure to the weaker areas of the economy, such as small businesses.

Net banking income rose by 17.6 per cent to FF4.62bn. Operating profits rose by \$4.9 per cent to FF1.81bn.

However, CCF was forced to raise its provisions by 49.5 per cent to FF945m. Mr de Croisset attributed the

increase to "the difficult economic environment and the impact of a deterioration in the property market."

CCF, like other French banks, has also had to take account of the extra costs it may incur as a result of the general reforms of pensions for employees in the banking industry.

The group set aside FF800m in the first half of the year to cover this.

## Forte group disappoints with £37m pre-tax

By Michael Skapinker, Leisure Industries Correspondent

FORTE, the hotels and restaurants group, yesterday announced interim pre-tax profits at the bottom end of expectations, and said conditions remained depressed in both the UK and continental Europe.

Pre-tax profits of £37m (\$55.5m) for the six months to July 31, compared with a restated £19m, but most analysts had been looking for more.

Forte also disappointed some in the City who had been hoping for an announcement on the sale of the Harvester restaurant chain. Mr Rocco Forte, chairman, said talks were continuing.

The share price fell 10p to 227p.

London hotels provided one bright spot, with sales up 9 per cent and profits up 28 per cent. Visitor numbers from mainland Europe fell, but Mr Forte said there had been a 20 per cent increase in US visitors.

Provincial UK hotels raised profits on static sales as a result of cost savings. Continental European hotels deteriorated, however, as recession took hold.

In the US, the Travelodge chain saw occupancy rise by 2 per cent and room rates by 3 per cent. This was offset by a poor performance from the luxury hotels in New York.

The Helix motorway restaurant chain in France, acquired last December, was another strong performer.

In the UK, higher profits from the roadside restaurant business were offset by the poor performance of city centre restaurants. The improvement at the Welcome Break, Happy Eater and Little Chef chains came in spite of a 4 per cent fall in UK road traffic in the first quarter of 1993 and a 3 per cent fall in the second quarter.

Sales fell to £1.1bn from £1.36bn. The interim dividend was maintained at 2.75p, just covered by earnings per share of 2.8p.

Lex, Page 30

## Carlzon ally steps down from SAS executive post

By Hugh Carnegie in Stockholm

A SECOND senior executive at Scandinavian Airlines System (SAS) is to step down from his post following the surprise resignation on Monday of Mr Jan Carlzon as president and chief executive, it emerged yesterday.

The departure of Mr Steffen Harpoeth, the deputy president and close ally of Mr Carlzon, is one of the management changes that were expected in the wake of the announcement that Mr Carlzon was quitting day-to-day leadership of the airline to concentrate on negotiations over Alcazar, a four-way alliance with KLM Royal Dutch Airlines, Swissair and Austrian Airlines.

Mr Harpoeth's responsibilities were corporate control and finance. He has not been involved directly in the Alcazar negotiations and it is understood he will not be involved.

His departure is likely to strengthen allegations, widely aired in the Scandinavian media, that Mr Carlzon was

pushed out as head of SAS, which is jointly owned by Sweden, Denmark and Norway, because of concerns over its recent dismal financial performance and scepticism over the viability of Alcazar.

These allegations have been denied by SAS and blamed on longstanding tensions between the three national camps within SAS, particularly Danish trade union hostility towards Mr Carlzon, who is Swedish. SAS insists Mr Carlzon's desire to devote himself full-time to the complex Alcazar project should be taken at face value.

Mr Carlzon has acknowledged that the long-drawn out Alcazar negotiations have diverted attention at SAS away from the task of reversing a three-year record of losses. Officials say a far-reaching rationalisation programme aimed at raising efficiency by 50 per cent in the five years to 1996 has come close to a standstill after initial savings of SKr3bn (\$300m) were achieved in 1991 and 1992.

Losses in the first half of the year reached SKr609m, com-

pared with a full-year loss in 1992 of SKr743m.

Mr Jan Rainas, Mr Carlzon's Norwegian successor as chief executive, has said his priority is to get the rationalisation effort back on track. This is likely to entail a further retrenchment from the Global Travel Service System strategy espoused by Mr Carlzon in the late 1980s.

However, Mr Rainas is due to leave SAS next April to head Norske Skog, the Norwegian forestry group, leaving the airline without clear management leadership should the Alcazar project collapse. SAS is therefore dangerously exposed if Alcazar does not work, but Mr Tage Andersen, the Danish chairman of SAS, has stressed his commitment to it.

For all the denials of divisions within SAS, there have been conflicts of interest between the Danish and Swedish camps. Denmark wants the headquarters of the Alcazar project to be based at Copenhagen's Kastrup airport, while many in Sweden would like to see Mr Carlzon as the project's leader.

## Deficit at Alitalia deepens to L214bn

By Haig Simonian in Milan

ALITALIA, Italy's state airline, followed the trend in the European aviation industry with a L214bn (\$135m) loss for the first six months of the year.

The results, which put paid to earlier hopes of breaking even in 1993, reverse a trend of progressively lower losses in the past two years. In the first half of last year, the group lost L39bn.

The airline, which has some of its shares listed on the stock

exchange, blamed the recession, which reduced demand and triggered pressure on ticket prices.

To counter the downturn, it planned capacity cuts (especially on domestic routes), efficiency improvements and would compete "aggressively" to counteract the effects of fare wars.

Sales rose 7.3 per cent to L2,755bn, while the number of passengers carried climbed 2.9 per cent, in spite of a 9 per cent fall in domestic traffic. Load factors were 62.3 per

cent for passenger traffic and 67.6 per cent for freight. Alitalia's loss, which some analysts expect to total about L300bn by the end of the year, came in spite of extraordinary earnings of L112bn from asset sales.

The company raised L92bn from similar sales in the same period last year.

The results were partly affected by Alitalia's ambitious investment programme, which included L104bn for last December's purchase of 30 per cent of Malev, the

Hungarian state airline. Spending on new aircraft amounted to L439bn in the first half.

Financieri, the Italian state-owned shipbuilding group, reversed a long-running string of losses to report a net L3.7bn profit for the first half.

The company said a strong order book, lower costs and improved productivity were expected to keep it in profit in the second half of the year.

## Price cuts help Benetton lift profits by 6.3%

By Haig Simonian

BENETTON, Italy's biggest producer of casual clothing, saw a 6.3 per cent rise in net first-half profits, to L98.6bn (\$62.4m), in spite of the slowdown in many leading clothing markets.

Sales climbed by 10.4 per cent to L1,362bn. Benetton's turnover was lifted partly by the lower value of the lira, which inflated non-Italian sales. However the company has also benefited from cutting

its prices in many markets. Sales growth was particularly strong outside Europe, with a 35 per cent leap in turnover.

Combined sales in North and South America and Japan rose by 20 per cent, compared with an 8 per cent rise in Europe.

The company has appointed Mr Carl Hahn, the former managing director of Volkswagen, to the board. Benetton said the choice "expressed the company's desire to find ever-greater synergies with leading repre-

sentatives of the culture of international industry".

Benetton attributed its profit rise to its policy of price cuts and improved quality control. The group said the effects of the pricing policy, started earlier this year, would show through fully in 1994.

The impact on its 012 line of children's clothing had been particularly marked, with a 20 per cent improvement in the volume of orders for the spring-summer 1994 collection, due out early next year.

Gross operating profits rose by 20.2 per cent to L553.2bn from L460.3bn. This was due largely to lower operating costs, notably via reduced prices for bought-in goods and materials.

While last year's decision to buy control of some local suppliers helped contain operating costs, it also helped to push up net indebtedness to L536bn from L228bn last December. Debt charges rose by L6.5bn to L23.3bn, compared with L16.7bn in June 1992.

## Norwegian groups to merge helicopter units

By Karen Fosell in Oslo

TWO NORWEGIAN groups plan to merge their helicopter activities to operate what is claimed to be the world's most modern twin-engined transport helicopter fleet, with estimated combined 1993 revenues of Nkr1.5bn (\$205.5m).

Ludvig G. Braathens Rederi, which operates domestic and

European airline services, and Helikopter Service, the Stavanger-based helicopter operator, said that they intended to merge, but they did not say when the merger would take effect.

The value of the new company, Braathens Helikopter, has been assessed at Nkr225m under the deal.

The two companies, with a

combined workforce of 900, achieved estimated pre-tax profit of Nkr23m for the first seven months of this year.

Color Line, the Norwegian cruise and ferry group, reported that eight-month interim pre-tax profits had slipped to Nkr104m from Nkr132m, in spite of a better-than-expected summer travel season.

Group operating income rose to Nkr1.254bn from Nkr1.154bn as operating profit dipped to Nkr245m from Nkr260m last year.

However, during the second four-month interim period of the current financial year, pre-tax profit rose to Nkr249m from Nkr233m on respective operating income of Nkr952m and Nkr792m.

## Stena Line lifted by strong UK division

By Christopher Brown-Humes in Stockholm

STENA Line, the world's biggest ferry operator, yesterday announced higher profits for the first eight months as a stronger performance from its UK operations helped to offset the impact of weaker results in Scandinavia.

Profits after financial items were SKr271m (\$34.3m), SKr16m higher than in the same period in 1992.

The group predicts full-year profits of SKr250m, up from SKr212m in 1992. Results in the final four months are weak because of seasonal factors.

Turnover was up 16 per cent to SKr6.23bn, due to currency factors and volume growth. Passenger numbers rose 2 per cent to 10.3m, while freight volumes increased 5 per cent to 542,000 units.

A combination of UK eco-

nomics recovery, rationalisation and lower financing costs has brought a turnaround within Stena Sealink, the company's UK unit.

The group's international operations, which are based around Stena Sealink, saw passenger numbers rise 11 per cent to 6.5m and freight traffic increase 10 per cent.

The group's Scandinavian activities are profitable, but their performance has worsened. Passenger numbers fell 11 per cent to 3.8m in the first eight months, with freight volumes down 5 per cent.

The group has introduced a rationalisation programme to shed 700 jobs and save SKr200m a year. It took an eight-month charge of SKr58m for redundancy costs, and has allowed for a further SKr25m charge in the final four months when making its full-year forecast.

## Saga advances 10% in first eight months

By Karen Fosell in Oslo

SAGA Petroleum, Norway's biggest independent oil company, yesterday announced a 10 per cent increase in 1993 eight-month interim net profits to Nkr296m (\$40.5m) from Nkr269m in the same period last year. It was helped by increased petroleum production, higher oil prices and lower exploration costs.

The result was marred by an unrealised currency loss of Nkr282m on long-term dollar denominated debt.

Revenue in the period rose to Nkr4.02bn from Nkr3.350bn as operating costs increased to Nkr2.79bn from Nkr2.51bn. Operating profit rose to Nkr1.23bn from Nkr843m.

Production of oil, gas and condensate rose to 3.5m tonnes of oil equivalent, of which oil accounted for 50.1 per cent.

NEW ISSUE

This announcement appears as a matter of record only.

September 1993



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(Incorporated in the Republic of South Africa)

Registration No. 91704/0090

RESULTS OF OFFER TO SUBSCRIBE FOR 100 000 000 SHARES

The board of directors announces that, arising from the offer to subscribe for 100 000 000 shares at a price of 250 cents per share, which closed on Friday, 24 September 1993, the offer has been accepted in respect of 94 764 488 shares, or approximately 94.8 per cent of the shares offered. A total of 5 235 512 shares were thus available for allotment to applicants for additional shares.

Applications for additional shares were received in respect of 5 755 361 shares. The board has accordingly decided that an equitable basis for allocating these will be that:

(i) applications for up to and including 100 000 additional shares will be met in full;

(ii) applicants who have applied for more than 100 000 additional shares will receive approximately 87 per cent of the additional shares for which application was made.

Certificates in respect of shares subscribed for pursuant to the offer and successful applications for additional shares, together with refund cheques in respect of partially unsuccessful applications, will be posted, at the risk of the persons entitled thereto, on or before Wednesday, 6 October 1993. The proceeds of the sale of fractional entitlements arising from the offer did not amount to more than R5.00 for any fraction. Accordingly, the proceeds arising from the sale of fractional entitlements will accrue, in terms of the provisions of the prospectus, for the benefit of the company.

Johannesburg  
1 October 1993



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For the Interest Period 30th September, 1993 to 30th March, 1994, the Notes will carry an Interest Rate of 5.125% per annum, the Coupon Amount payable per U.S. \$1,000 Note will be U.S. \$25.77, and for the U.S. \$10,000 Note, U.S. \$257.67, and for the U.S. \$100,000 Note, U.S. \$2,576.74, payable on 30th March, 1994.

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Subordinated Floating Rate Notes Due September 2005

Notice is hereby given that the Rate of Interest for the period September 30, 1993, to December 30, 1993 has been fixed at 5.5% and that the interest payable on the relevant interest payment date December 30, 1993, against Coupon No. 1 in respect of US\$1,000 nominal of the Notes will be US\$59.51 and in respect of US\$100,000 nominal of the Notes will be US\$5,950.20.

October 1, 1993, London  
By Citicorp, N.A. (New Services), Agent Bank

CITIBANK



## USAir warns of return to red in third quarter

By Richard Waters  
in New York

USAIR yesterday warned of further cost-cutting and 2,500 more job losses. The carrier said weak revenues over the summer had reversed its fragile return to profitability of the second quarter.

The company said that, after a one-off charge of \$75m, it would report a pre-tax loss of \$180m for the third quarter. This compares with a pre-tax profit of \$5.8m (and net loss of \$12.6m) in the second three months of the year.

It also repeated a warning that it would report a net loss for 1993 as a whole, and an operating loss for the year.

The projected losses had prompted the airline, in which British Airways has a minority stake, to take steps to cut \$200m from its costs next year, said Mr Seth Schofield, chair-

man and chief executive. "Consumers are becoming increasingly price-sensitive, and we are witnessing a resurgence of low-fare competition from airlines whose cost structures enable them to offer the lower prices that consumers demand," he said.

The airline said it planned to cut 2,500 full-time jobs by the middle of next year, and that the costs of this would be reflected in its third-quarter results.

A retroactive accounting change for post-retirement benefits would result in a charge of \$44m for the year, the company added.

The renewed cost-cutting efforts failed to lift USAir's share price yesterday. They fell by 3/4 to \$12 1/2, close to their low for the past 12 months, in early trading.

Shares in UAL, United's parent, were 1 1/4 lower at \$139 1/4 before the close in New York yesterday.

## Chemical Waste to cut jobs

By Laurie Morse  
in Chicago

CHEMICAL Waste Management, the Illinois-based handler of hazardous waste, is to reduce its workforce by more than one-fifth. It also plans to take substantial asset write-downs, and restructure operations to slash costs, after a disappointing year.

The measures will result in a \$63m charge to earnings in the third quarter, the equivalent of \$1.74 per share. WMX Technologies, the international rubbish hauler which owns 79 per cent of Chemical Waste, said the charge would reduce its third-quarter net income by \$25.3m, or 59 cents a share.

Analysts said the write-downs and cost-savings were larger than expected, and should provide short-term benefits to financial performance. However, with serious overcapacity in the waste-handling business in the US, "their biggest challenge remains the need to generate revenue growth", said Mr Jim McDonald, analyst for Chicago Corporation.

Chemical Waste said it intended to reduce its 5,000-strong payroll by 1,200 before the end of 1994. It hoped some of these job losses would come through the sale of some units. Most of the asset write-downs involve hazardous waste incinerators. The com-

pany has completely written off its troubled waste-burning plant in southern Chicago, and is to seek joint venture partners for an incinerator unit at Port Arthur, Texas.

It said its would also consolidate its treatment and disposal operations throughout North America, and sell selected operations. Further savings are planned by switching the transport of some waste from its own trucking operations to road contractors and rail.

Mr Pat Payne, president, said the group was depending on its international engineering, construction and consulting arm, Rust International, for growth. Rust is expected to contribute \$1.6bn in revenues this year.

## Murdoch to complete purchase of NY Post

By Karen Zeigler  
in New York

MR Rupert Murdoch has agreed to resume publishing the New York Post following a decision by leaders of the newspaper's production unions to break a four-day strike by journalists.

Earlier this week, Mr Murdoch said he was walking away from his agreement to buy the bankrupt tabloid after members of the Newspaper Guild, representing journalists and advertising staff, went on strike over pay and conditions, and members of the paper's other unions refused to cross the guild's picket line.

But after leaders of the paper's eight craft unions, including pressmen and drivers, said late on Wednesday that their members would return to work, Mr Murdoch said he would complete his \$25m purchase of the paper.

In spite of assurances from leaders of the Post's eight craft unions that its members would cross picket-lines, it was uncertain last night whether the newspaper would reappear on news-stands today.

On Monday night, when guild members walked out, pressmen and drivers refused to comply with their leadership's pledge to Mr Murdoch that they would continue working.

Before this week's walk-out, it appeared that Mr Murdoch had isolated the guild from the other unions, which accepted \$9.2m in contract concessions in July.

At the time, the guild agreed to return to work while negotiations continued. Its support of the journalists was a surprise.

## Injecting life into an old jalopy

Martin Dickson charts racing hero Roger Penske's successes at engine-maker Detroit Diesel



Roger Penske: gambled correctly on Allison

ROGER Penske, 56, is best-known to Americans for his youthful exploits as a racing driver and his more recent success as owner of the prize-winning racing car team which bears his name.

However, the flotation, expected next week, of a company he has nursed back to health, testifies to his other impressive track record - as an entrepreneur.

It also provides an object lesson in how a business smothered by a large, slow-moving corporate parent can gain a new lease of life under more nimble management.

The company is Detroit Diesel, which makes diesel engines primarily for the heavy-duty truck market, but also for buses, power generation and the mining, construction and boat industries.

It is selling 4.75m shares - 3.8m in the US and 950,000 internationally - in an initial public offering at up to \$18 a share. This will raise around \$80m and value the group at some \$400m. The proceeds will be used to reduce debt and expenses, and buy a business.

Formerly known as Detroit Diesel Allison, the company was a subsidiary of General Motors, the largest US car manufacturer, until 1988, when Mr Penske's private business empire acquired an 80 per cent controlling stake.

GM, which retained the remaining 20 per cent, was anxious to get out of the business partly because of Allison's poor financial performance and partly because it wanted to focus its energies on turning round its troubled North American car operations.

Mr Penske, whose business acumen has won him seats on the boards of American Express and Philip Morris, and whose interests include large car dealerships and one of America's biggest truck leasing businesses, gambled correctly that Allison's woes masked great potential.

Its share of the North American on-highway heavy-duty truck engine market has jumped from just 4 per cent in 1988 to 26 per cent last year, with revenues up 63 per cent to \$1.37bn from \$842m.

The net income figures are much less impressive, rising from \$3.5m to \$10.5m over the same period, and 1992 was flattened by a first-half \$4.3m one-time gain. Still, the company has bounced back from losses of \$2.9m and \$5.2m in the recessionary years of 1990 and 1991, and the first half of this year saw net income up from an underlying \$1.2m to \$8.9m. This turnaround is largely a

DETROIT DIESEL Sales of on-highway truck engines	
1988	8,700
1989	14,161
1990	18,901
1991	28,677
1992	35,025

tale of two engines. In the 1980s, under GM's ownership, the company floundered because of the poor reputation of its 92 Series heavy-duty engine, which was introduced in the late 1970s and initially captured a large share of the truck market. However, the hastily-designed 92s turned out to have poor fuel consumption. Sales nose-dived and so did

ture conversions and stock purchases. It also has the right to take its stake up to 20 per cent through additional share-buying over the next 12 months. The offering will cut Mr Penske's stake to around 52 per cent and GM's to 13 per cent.

Mr Penske's greatest contributions to the business have almost certainly been his motivation of the management and workforce - which remains essentially the same as in the GM days - and his flair for marketing the company's new products to an initially-sceptical truck industry.

He keeps in close contact with the workforce and has good relations with union leaders. At the same time, however, he has managed to cut costs and crack down on absenteeism.

He makes rapid decisions - using lessons picked up in the racing pits during quick-fire vehicle repairs - in stark contrast to GM's cumbersome bureaucracy. And while GM has failed to keep in close touch with car buyers, Mr Penske is an apostle of customer satisfaction and a relentless salesman, drawing unashamedly on the glamorous image of his racing team.

Yet despite the turnaround, Detroit Diesel cannot afford complacency. For one thing, it has to improve its profitability to get a better return on sales. The slowly improving US economy, boosting demand for engines, could help here.

And it still faces extremely strong competition from its two chief North American rivals, Caterpillar and Cummins Engine. Both have been introducing technologically advanced new engine models. Mr Penske may have rescued Detroit from a permanent pit stop, but his race is far from over.

### NEWS DIGEST

#### Argentina awards road concessions

THREE consortia of local and international companies have won government concessions to operate as toll roads the three motorways feeding Buenos Aires, writes John Barham in Buenos Aires.

Groups from Argentina, Spain, Mexico and Brazil are to invest \$700m over 20 years to upgrade the city's motorways. Only after initial works have been completed will they be allowed to start charging tolls.

Huarte, a Spanish construction company in alliance with local groups, will operate the motorway to Buenos Aires airport. Sideco, a powerful local conglomerate, will operate the northern artery. Local construction company Benito Rogio, together with Brazilian

and Mexican allies, takes over the western highway.

#### Canadian Tire plans further expansion

CANADIAN Tire, a 425-store hardware, sports and leisure goods and car parks chain, is improving margins and planning further expansion, says president Mr Stephen Bachand, writes Robert Gibbons in Montreal.

The icon of Canadian retailing for 25 years, Canadian Tire took some heavy blows from internal fighting for control and the recent long recession.

Mr Bachand, an American who has turned around a similar operation in the US, told Toronto analysts sales were up nearly 9 per cent in the first eight months of this year. He said the company was reaping benefits from gains in distribution efficiency and improved accounting systems at the store level.

He is developing larger stores to compete with warehouse chains, after two pilot

operations exceeded forecast results. However, the US subsidiary will not be expanded until it reaches profitability.

He expects 1994 group earnings to be slightly better than 1993's C\$72.3m (US\$54.8m), or 80 cents a share.

#### Canadian publisher revamps head office

THOMSON Newspapers has eliminated 50 head office jobs in Toronto, transferring 30 people to other Thomson Corp publishing businesses.

The group's newspapers are suffering from lower advertising volumes and are trying to raise efficiency.

#### New owners at Peoples Jewellers

PEOPLES Jewellers has emerged from receivership under new ownership. It will retain its title as Canada's biggest retail jeweller with 190 stores, compared with more than 300 before the recession.

# AMSTERDAM TREASURY BOND MARKET

The Amsterdam Treasury Bond Market (ATM) is the newly incorporated interprofessional market in Dutch Government Bonds and in the futures contracts issued for them in the Amsterdam Financial Futures Market (FTA).

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ATM, THE LIQUID MARKET FOR DUTCH TREASURY BONDS

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## INTERNATIONAL COMPANIES AND FINANCE

## Japanese firm merges with Arthur Andersen

By Andrew Jack

ARTHUR ANDERSEN, the worldwide accountancy firm, yesterday announced that it had merged with Asahi & Co to create the largest professional services organisation in Japan.

Asahi has been granted "corporate membership" of the Arthur Andersen Worldwide Organisation, which will make it part of the firm's global cost-sharing structure. The firm said there had been no payment as part of the merger.

The merger follows an affiliation agreement signed in December last year with Asahi to allow the firm to share fees and receive referrals from Andersen's own Japanese audit firm, Inoue Saito Eiwa.

Asahi & Co is formed from the merger of Asahi Shinwa and Inoue Saito Eiwa, which together had fee income last year of \$197m, about 2,000 staff and just over 300 partners.

Andersen Consulting will continue as a "sister" organisation alongside the new firm in Japan with some sharing of resources. It has \$100m in revenues in the country.

The merger is unusual because Asahi becomes a corporate partner of Andersen worldwide.

The Asahi partners do not individually become partners in Andersen, although some may be appointed in the future.

Mr Richard Measelle, Andersen's managing partner, said Asahi & Co would retain its existing name "indefinitely" rather than being called Andersen.

He said a growing number of the firm's practices used other names for marketing or regulatory reasons.

Mr Measelle called the merger "a truly significant milestone for our firm".

It is the most important such development since Andersen merged with SGV, a large independent Asian practice based in the Philippines, in 1985.

Asahi had previously been affiliated with Ernst & Young, but all links with this firm have now been severed.

## Bouygues to head electronic paging network partners

By John Ridding in Paris

BOUYGUES, the French construction and engineering group, said yesterday that it had been selected to head a consortium to run a new network of electronic paging services.

The consortium, called Omnicom, plans to be operational in the Paris region by the end of 1994 and nationwide by the end of 1998. It will enter an increasingly competitive market. In addition to three existing players, the government has authorised the telecommunications groups Cofira and France Telecom to establish paging systems.

The announcement followed comments by Mr Gérard Longuet, industry minister, that the government is also considering the creation of a third cellular telephone operator.

The two existing operators - France Telecom and SFR, a unit of Compagnie Générale des Eaux - might be given access to a broader range of wavelengths.

Bouygues, which is believed to be interested in entering the cellular telephone market, will hold just under 50 per cent of Omnicom. Pacific Telesis International, a subsidiary of Pac-

Tel, the US telecoms group, will be the principal technical partner in the consortium and will hold 18 per cent of the shares.

Other Omnicom partners include Société Générale, the French bank; Preussen Elektra Telekom, a subsidiary of Veba of Germany; and Neufilze, Schlumberger, Mallet, a subsidiary of ABN-Amro, the Dutch bank.

A spokesman for Bouygues said that the group expected strong growth in the market for electronic paging. He said that with 350,000 subscribers at present, the market was much less developed than in countries such as the US and Japan.

The Omnicom network will operate on the European Radio Message System, a new pan-European standard adopted by 18 countries which allows the transmission of messages of up to 9,000 characters.

RV1, the bus and truck arm of Renault, will create two joint companies with Renault, part of Société Générale. Renault reports from Paris. One unit, Renault VI Finance, will finance loans and leasing agreements for truck sales while the other, Renault VI Location, will rent trucks.

## Oki Electric says loss will be less than forecast

By Michiko Nakamoto in Tokyo

OKI Electric, the Japanese maker of communications equipment and semiconductors, said yesterday that losses for the year ending March 1994 would be less than initially expected.

OKI said it now expects sales for the first half of the year to be 2 per cent higher than previously forecast, at ¥255bn (US\$2.4bn), and that its pre-tax loss for the six months would be ¥7bn, rather than the earlier estimate of ¥14bn.

Full-year sales are expected to be slightly lower at ¥555bn (US\$5.2bn). Pre-tax losses for the year are, however, expected to be more than halved at ¥8bn, against the ¥19bn incurred in 1992-93.

The company, however, is passing its dividend. It is aiming to return to profit in 1994-95 and resume dividend payments the following year.

In the second half of this year, OKI expects demand to remain weak with its main customers, banks and other corporations, keeping capital spending low.

The main reasons for the improvement in OKI's forecast are strong demand for memory chips, particularly in the US, which has allowed OKI to maintain prices while increasing sales volume and reducing costs, and an increase in orders from NTT, the Japanese telecommunications company.

An improvement in its financial balance, due to lower interest rates, will also help.

OKI is stepping up its restructuring efforts to deal with the adverse business climate. It is to bring forward plans for a 2,000 reduction in its payroll and proposes spinning off its printed circuit board business as a separate company. Costs are also being cut in manufacturing and research and development, the company said.

Asahi Breweries is to tie-up with Molson Breweries USA, part of the Canadian brewing group, in a move aimed at expanding sales. Reuters reports from Tokyo. Asahi, which exported 700,000 cases of beer to the US in 1992-1993, plans to increase the number to 1.5m within five years.

## Shareholder reform reaches Japan

Reluctant companies face radical changes, reports Emiko Terazono

JAPANESE companies are under mounting pressure to become more compatible with western corporate culture and to increase the rights of shareholders.

Many companies are bracing themselves for a rush of lawsuits as radical revisions to Japan's commercial code come into force today. These revisions require shareholders to hold shares for a minimum of one year, and, in theory, lead to greater financial disclosure. The commercial code revisions are:

● The cost of lawsuits against company executives by shareholders on behalf of the company will be limited to a flat ¥3,200 (\$20) rather than a percentage of the damages sought.

● Investors holding 3 per cent of a company's shares will be allowed access to a company's accounts. The earlier limit was 10 per cent.

● Large companies will need at least three auditors with at least one independent auditor. Their term of office will be lengthened from two years to three.

Keidanren, Japan's leading business grouping, is asking companies to become more

conscious of shareholders, urging greater disclosure of information and acceptance of the philosophy that companies are not just for employees.

Mr Yoshio Nakamura, director of Keidanren's international economic affairs division, says there is a need to answer claims that the Japanese system is built on ideologies totally different to those of the west. "Japanese companies need to and can become more like US and European corporations," he says.

While corporate executives have responded to the possible rise in lawsuits by rushing to buy insurance cover, only a few companies have so far publicly acknowledged the calls for more disclosure and further shareholder rights.

To prevent disruption, companies try to hold their meetings on the same day, keeping them as short as possible with the help of majority stable shareholders. This year, more than 1,900 companies held their annual shareholders' meetings on the same day in June.

Dividend policy is also part of the shareholders' rights

debate. Dividends have been kept low, using the argument that earnings should be retained for future investments. The dividend yield of the Nikkei average is currently around 0.8 per cent, against around 2.5 per cent for comparable US indices.

Companies tend to claim they are institutions run by employees for the benefit of employees. Mr Kanemitsu Anraku, director of Nissan Motor, points out that before the stock market boomed over in the late 1980s, company investment decisions were under the tight grip of their main creditor banks.

Recent stock market trends have eroded the banks' power over companies, but the gap has yet to be filled by shareholders.

Mr Masaru Yoshitomi, vice-chairman of LTCB Research Institute, feels shareholders are in a vacuum. In spite of earlier predictions, the cross-shareholding system between companies - one of the leading factors in the lack of shareholders' rights - has yet to change drastically, he says.

Meanwhile, some lawyers are sceptical about changes in corporate attitudes due to the amendment of the commercial law. Mr Hideto Iida, a lawyer who is preparing to take Nomura Securities to court over the way the securities house compensated some clients for stock losses, says it is unlikely that ordinary individual shareholders will take action, since damages are paid to the company instead of the plaintiff.

The recent ruling by the Tokyo district court that directors of Nomura Securities were not required to reimburse the securities house for client stock losses has been an obvious blow to the shareholder litigants.

Businesses may try to resist the corporate governance debate and oppose an elevated role for shareholders for as long as they can. Mr Nakamura at the Keidanren points out that companies may claim that the economy has to recover before they can start caring about investors.

"When profits are down, you only think about trying to boost them up again," he says.

## Marriott board agrees plan to split company

By Karen Zagor in New York

MARRIOTT Corporation, the hotels and food services company, reported that its board has agreed to go ahead with its planned demerger on October 8.

After a year of battling with angry bondholder groups, the company is splitting into two. Its main operating interests - lodging and food services operations, accounting for about 80 per cent of the unified company's revenues - will be known as Marriott International. Its property assets and its Host/Travel Plazas business, as well as the bulk of the group's debt, will be known as Host Marriott.

Marriott International, the company whose shares will be distributed to Marriott Corporation shareholders in the form of a special dividend, will report its third-quarter results in mid-October.

For the three months to September 10, Marriott had net income of \$27m, or 21 cents a share, on sales of \$2.05bn compared with net income of \$26m, or 21 cents, on sales of \$1.95bn a year earlier.

Operating profit before corporate expenses and interest rose to \$134m in the quarter from \$124m a year earlier.

Stripping out income tax adjustments and lodging dispositions in both years, Marriott said operating profits rose 7 per cent in the latest quarter on a comparable basis, while net income was 20 per cent higher.

Lodging operations turned in an 11 per cent improvement in third-quarter operating profits including profits from the disposition of an equity interest in an international hotel. Sales were up 3 per cent.

The Host/Travel Plazas division, which will be part of the Host Marriott company, reported higher sales in the quarter but operating profits declined.

## Westinghouse makes management changes

By Frank McGurty in New York

MR Michael Jordan, the new chairman of Westinghouse Electric, has set in motion the first of an expected series of management changes at the company. The diversified group has been struggling to recover from an ill-advised foray into financial services during the 1980s.

Mr Jordan, a former PepsiCo executive who was named Westinghouse chairman and chief executive just three months ago, said in an internal memorandum Mr Warren Hollinshead would leave his job as chief financial officer before mid-1994, when he was scheduled to take early retirement.

Analysts expect Mr Jordan to select an outsider as the first member of a team charged with reversing the fortunes of the group, which has taken \$5bn in charges in just three years.

In January, Mr Jordan replaced Mr Paul Lego, who is believed to have left under pressure from institutional investors unhappy with his failure to stem losses related to real estate, junk bonds and leveraged buy-out investments.

Over the past year, Westinghouse has attempted to reduce its massive debt burden by gradually withdrawing from financial services.

As part of Mr Jordan's recovery plan, it agreed to sell its electronic distribution and control business for \$1.1bn.

However, Westinghouse's difficulties extend into its core operations as well. Earlier this month, it warned of a substantial downturn in third-quarter earnings due to a "continued deterioration" of its environmental clean-up businesses as well as declines in electronic systems, power systems and broadcasting.

Net income from continuing operations is expected to drop 50 per cent, against last year's comparable figure of \$91m, or 22 cents a share.

New Issue

This information appears as a matter of record only. The bonds described below have already been offered for sale.

September 30, 1993



DePfa Finance N.V.

Amsterdam, The Netherlands

DM 1,500,000,000  
6 3/8 % Bonds of 1993/2003

unconditionally and irrevocably guaranteed by



DePfa-Bank

Deutsche Pfandbrief- und Hypothekenbank AG

Wiesbaden, Federal Republic of Germany

Dresdner Bank  
Aktiengesellschaft

Morgan Stanley GmbH

Deutsche Bank  
Aktiengesellschaft

Salomon Brothers AG

Schweizerische Bankgesellschaft  
(Deutschland) AG

BNP Capital Markets Limited

Commerzbank  
AktiengesellschaftCSFB-Effektenbank  
AktiengesellschaftDG BANK  
Deutsche Genossenschaftsbank

J.P. Morgan GmbH

Schweizerischer Bankverein  
(Deutschland) AGTrinkaus & Burkhardt  
Kommanditgesellschaft auf AktienWestdeutsche Landesbank  
Girozentrale

C.A. La Electricidad de Caracas, S.A. S.A.C.A.

U.S. \$299,554,000

Floating Rate Bonds due 2003

Series A-1

U.S. \$13,625,000

Floating Rate Bonds due 1997

Series A-2

U.S. \$22,247,000

Floating Rate Bonds due 1995

Series B-1

U.S. \$13,895,000

Floating Rate Bonds due 1994

Series B-2

U.S. \$19,242,000

Floating Rate Bonds due 1995

Series B-3

In accordance with the provisions of the Bonds, which is hereby given that for the interest period from September 30, 1993 to December 31, 1993 the Bonds will carry an interest rate of 6.00% per annum, interest calculated on each U.S. \$1,000 nominal amount of which U.S. \$100.00 interest is payable on December 31, 1993 and on the anniversary of the date of the Bonds thereafter.

Series A-1 will amount to U.S. \$13,625,000 per U.S. \$1,000 nominal amount of which U.S. \$100.00 interest is payable on December 31, 1993 and on the anniversary of the date of the Bonds thereafter.

Series A-2 will amount to U.S. \$22,247,000 per U.S. \$1,000 nominal amount of which U.S. \$100.00 interest is payable on December 31, 1993 and on the anniversary of the date of the Bonds thereafter.

Series B-1 will amount to U.S. \$13,895,000 per U.S. \$1,000 nominal amount of which U.S. \$100.00 interest is payable on December 31, 1993 and on the anniversary of the date of the Bonds thereafter.

Series B-2 will amount to U.S. \$19,242,000 per U.S. \$1,000 nominal amount of which U.S. \$100.00 interest is payable on December 31, 1993 and on the anniversary of the date of the Bonds thereafter.

Series B-3 will amount to U.S. \$19,242,000 per U.S. \$1,000 nominal amount of which U.S. \$100.00 interest is payable on December 31, 1993 and on the anniversary of the date of the Bonds thereafter.

By The Citicorp National Bank, N.A.

Agent Bank

October 1, 1993

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## INTERNATIONAL CAPITAL MARKETS

## Treasuries ease across range after economic data

By Patrick Harverson in New York and Corrie Middlemann and Tracy Corrigan in London

US TREASURY prices eased across the maturity range yesterday morning, sending long yields back above 6 per cent, following an upbeat Chicago purchasing managers' report.

By midday, the benchmark 30-year government bond was down  $\frac{1}{8}$  at 103 $\frac{1}{2}$ , yielding 6.04 per cent. At the short end of

ment and lifted the 30-year yield above 6 per cent again. The day's other economic figures - a 1.3 per cent increase in August personal income, a 0.3 per cent increase in August personal spending, and a 3.1 per cent decline in August new home sales - were broadly in line with expectations and had little impact on prices.

THE sell-off in US Treasuries, and the latest developments in Russia, hit Europe's bond markets in late trading. German government bonds fell about  $\frac{1}{8}$  point towards the close, led by a sell-off in the futures pits. Bonds have risen in recent days on supportive inflation numbers, and on signs that Germany's industrial employers will take a tough stance in the coming wage round. "After making some hefty profits, people decided to take some profits," said a Frankfurt trader.

The 6 per cent yield on the 10-year benchmark is also proving a hurdle for traders were willing to tackle. "There was no real news to help us through that level," said the trader. The 6 $\frac{1}{2}$  per cent bonds

## FT FIXED INTEREST INDICES

	Sep 30	Sep 29	Sep 28	Sep 27	Sep 24	Year	High	Low
Govt Bond Index	122.05	122.04	121.87	121.86	121.85	121.85	122.06	121.85
Corp Bond Index	122.05	122.04	121.87	121.86	121.85	121.85	122.06	121.85
High Yield Index	122.05	122.04	121.87	121.86	121.85	121.85	122.06	121.85
Govt Bond Index	122.05	122.04	121.87	121.86	121.85	121.85	122.06	121.85
Corp Bond Index	122.05	122.04	121.87	121.86	121.85	121.85	122.06	121.85
High Yield Index	122.05	122.04	121.87	121.86	121.85	121.85	122.06	121.85

## GILT EDGED ACTIVITY

	Sep 29	Sep 28	Sep 27	Sep 24	Sep 23
Gilt Edged 30-year	131.8	131.8	131.8	131.8	131.8
Gilt Edged 10-year	105.2	105.2	105.2	105.2	105.2
Gilt Edged 5-year	98.7	98.7	98.7	98.7	98.7
Gilt Edged 2-year	98.7	98.7	98.7	98.7	98.7
Gilt Edged 1-year	98.7	98.7	98.7	98.7	98.7
Gilt Edged 6-month	98.7	98.7	98.7	98.7	98.7
Gilt Edged 3-month	98.7	98.7	98.7	98.7	98.7
Gilt Edged 1-month	98.7	98.7	98.7	98.7	98.7
Gilt Edged 1-week	98.7	98.7	98.7	98.7	98.7
Gilt Edged 1-day	98.7	98.7	98.7	98.7	98.7

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## BENCHMARK GOVERNMENT BONDS

	Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
Australia	5.000	09/03	120.0671	-	6.69	6.62	6.64
Belgium	5.000	09/03	110.8500	-0.140	7.39	7.30	7.09
Canada	7.500	10/03	103.0750	-1.055	7.07	7.00	6.77
Denmark	5.000	05/03	105.3000	+0.325	6.56	6.79	6.53
France	5.750	11/08	100.8197	-0.131	5.80	5.87	5.59
Germany	5.000	07/03	102.4500	-0.240	6.10	6.16	6.16
Italy	10.000	08/03	105.8000	-0.210	5.91	5.92	5.85
Japan	4.800	09/09	107.8000	+0.386	3.22	3.44	3.62
Netherlands	7.000	02/03	107.5000	-0.200	5.82	6.01	6.06
Spain	10.500	08/03	111.6500	+0.050	5.05	5.26	5.88
UK Gilts	7.250	09/08	105.18	-0.22	6.32	6.37	6.26
US Treasury	8.250	09/03	102.26	-0.172	5.38	5.58	5.48
ECU (French Govt)	8.000	04/03	106.1100	-0.220	6.67	6.78	6.61

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Source: FT Fixed Interest Indices. Last trading day: 1993.

Source: FT Fixed Interest



## COMPANY NEWS: UK

# Move with Robertson & Baxter ends active week GrandMet in £84m bid for Scottish distillery

By Philip Rawstone

GRAND Metropolitan ended a week of hyperactivity yesterday by combining with Robertson & Baxter, one of Scotland's largest private companies, in a recommended offer for North British Distillery which values the Edinburgh-based grain whisky distiller at £84m.

GrandMet's move follows the appointment of Mr George Bull as chief executive, the restructuring of its North American food and eyecare businesses, the sale of its Chief & Brewer pubs, and the acquisition of Glen Ellen wines in the US, all within the last seven days.

The offer is being made through Lethian Distillers, a new company jointly owned by

IDV, GrandMet's drinks division, and R&B.

The partners already hold 38 per cent of North British and together buy 60 per cent of its output. Its grain whisky is used in blending IDV's J&B brand, and for Famous Grouse and Cutty Sark, which R&B blends respectively for Highland Distilleries, one of its shareholders, and Berry Bros & Rudd.

Mr James Brunner, chairman of J&B, said yesterday: "This joint venture is the best means of safeguarding the long term viability of North British in a highly competitive market."

The move would ensure continuity of supply for the partners' brands and enable North British to develop as a supplier

to the rest of the Scotch whisky industry, he said.

North British, established last century by a consortium of wholesale whisky merchants, has 600 shareholders. They are being offered £9 cash for each share, including a special dividend of £3, or £5 in 7 per cent loan notes plus the dividend.

The company, which accounts for about 12.5 per cent of the industry's capacity, last year made profits of £9.8m on sales of £31.8m.

Grain whisky prices have been under pressure because of surplus stocks in the industry and production generally has been cut back. Guinness closed the smallest of its three grain distilleries, at Cambus, earlier this year.

# Bass says tax change would cost it £6m

By Philip Rawstone

MR IAN PROSSER, chairman and chief executive of Bass, said yesterday that the change to end-product taxation of beer would reduce profits by £6m this year and £18m in 1994.

The impact of the tax changes, already the subject of bitter dispute between brewers and Customs & Excise, was disclosed to City analysts in Burton-on-Trent yesterday.

Mr Prosser reported that trading during the past four months had confirmed a slow recovery in sales that would bring only limited benefits in the second half of the year.

"In the near term, I see price-driven revenue growth in UK brewing hard to come by in a low inflationary environment, particularly while excess capacity persists."

Bass brewers had increased volumes by 0.5 per cent in a market estimated to have fallen 2 per cent. Strong growth was achieved in the free trade, with volumes ahead 5.3 per cent while deliveries to the take-home trade increased 3.5 per cent. An extra £38m net had been invested in free trade loans. A slight improvement in bad debts would result in a second half change lower than the first half provision of £18m.

Bass pubs' revenue was 1.1 per cent lower but the introduction of catering into 1,000 managed houses had raised food sales by 12.3 per cent.

British's profits, hit by bad summer weather and strong competition, would be about 20 per cent lower.

# Trinity Holdings shows 38% rise

By John Griffiths

RAPIDLY expanding exports helped Trinity Holdings, the maker of Dennis and other specialist vehicles which came to the market a year ago, lift interim pre-tax profits by 38 per cent from £5.4m to £7.4m.

The figure, achieved on sales 27 per cent higher at £26.7m, maintains an improving trend first set in train by a management buy-out led by current chairman and chief executive Mr Geoff Hollyhead in 1989. Earnings per share were 12.4p, against 10.6p last time.

Mr Hollyhead, reporting first-half export sales 71 per cent higher at £26.3m, yesterday hailed out the prospect of further increased sales in the second half as a £38m contract for its Duple (Metsec) subsidiary to supply 2,500 bus bodies to Sri Lanka gains momentum.

Yesterday's declaration of a first post-floatation interim dividend of 3p, against nil last year, also comes just a few days after the return of senior Trinity executives from Malaysia, where they signed agreements for a bus-making joint venture during Mr John Major's trade-boosting visit to



Geoff Hollyhead: export sales expected to increase in second half

the Asian state.

The venture is with UMW, a Malaysian industrial group which has an annual turnover of some £500m and produces a variety of road, rail and heavy equipment vehicles.

Mr Hollyhead said yesterday it would result in exports of about 100 UK-supplied bus kits next year, with a potential of about 1,000 units a

year towards the end of the decade.

Initially the buses will be assembled from kits produced by Trinity's UK operating companies - chassis manufacturer Dennis Specialist Vehicles, and Duple (Metsec), which makes bus bodies.

However, local component content will be increased over the next few years as Malay-

sia's emerging motor components industry establishes itself more firmly.

In this year's first half Trinity's operating companies produced 1,533 bodies and chassis, compared with 1,229 in the same period last year. This was in spite of continuing depressed conditions in the UK bus and specialist vehicle market.

The number of employees rose by 14 per cent in the first half, to about 1,300. By the end of this year another 10 per cent rise is expected to cope with lengthening order books. Mr Hollyhead said the current £75m is double that of the year-ago period.

A £15.7m tax bill (£1.19m) left net profit at £3.18m, compared with £2.33m last year.

Trinity envisages using the Malaysian operation as a manufacturing base to seek wider markets in the Asia Pacific region.

It is taking a maximum-allowed 35 per cent equity stake in the venture, which is being capitalised initially at £20m, half in equity with the remainder in loans.

Trinity is based at Warwick and has plants at Worcester, Halifax, Tipton and Guildford.

# Tomorrows Leisure in the red

By Chris Tighe

TOMORROWS LEISURE, the USM-quoted hotels and leisure company based in Newcastle upon Tyne, reported pre-tax losses of £5.8m for the year to March 31 compared with restated profits of £775,000 (£7.5m).

The group also announced that a revaluation of many of its main assets had resulted in the value of Pleasure Island, its indoor leisure park in Liverpool, dropping from £24.5m to

£7m. Overall, group net assets have fallen from £30.4m to £4.8m.

The pre-tax loss includes £3.1m in asset value write-downs, as well as Pleasure Island's start up and initial trading losses.

The group said a policy of writing-off all revenue expenditure on the opening of new developments in the year it was incurred had added to losses.

Last year's results have been similarly restated.

Losses per share were 45.5p

(6.9p earnings) and no final dividend (1.375p) is proposed.

The company is negotiating with Barclays, its bankers, to secure their continuing support. Mr John Sanderson, chairman and founder, said the £275,000 loan he made to Tomorrows Leisure this summer, to secure Barclays' continuing support, indicated his confidence in the company. Debt stands at about £15m.

The current year, he said, would be one of consolidation and rationalisation, with disposal of non-core businesses.

# Huntleigh up 29% to £3.03m

By Richard Gourlay

HUNTLEIGH Technology, the maker of medical control systems, increased first half profits by 29 per cent on a 25 per cent rise in sales.

Pre-tax profits in the six months to June 30 rose from £2.36m to £3.03m on turnover higher at £16.3m (£13m).

Earnings per share rose 31 per cent to 7.45p (5.67p). The

directors are recommending a 50 per cent increase in the interim dividend to 2p (1.33p).

The UK side expanded to account for about 23 per cent of group sales, up from 18 per cent for the same period last year, following an expansion of the range of equipment now available through its 12 rental centres.

Three years ago the UK

accounted for only 10 per cent of sales.

Mr Rolf Schild, chairman, said the recently announced healthcare reforms in the US were likely to lead to wider coverage of the population and should benefit the US subsidiaries.

The group had net cash of £2.5m before the £2m cost of purchasing a new warehouse and office building in Luton.

# Correction ACS Data/IBM

TouchPC is a proprietary trade mark of hand held computers, designed, manufactured and marketed by ACS Data and not by IBM as we incorrectly reported in the Survey article "Computing on the Move - Innovation on all fronts" which appeared on September 21.

# FT-SE decision on enhanced scrips

The following notice was issued by the FT-SE Actuaries UK Indices Committee yesterday. The committee met to consider the treatment of enhanced scrip dividends in the FT-SE Indices.

The committee has decided to consult more widely on the preferred method of treating enhanced scrip dividends and the timing of any change prior to taking a decision. No retrospective changes to the treatment of enhanced scrip dividends are planned.

A working party of practitioners, set up in June, has recommended that enhanced scrip dividends should be treated in the indices as a capital gain rather than as income. The UK Indices Committee recognises that such a change may have accounting implications for institutional investors and fund managers as well as affecting the pricing of futures

and options contracts.

Notes

An enhanced scrip dividend (ESD) is an issue of shares instead of the cash dividend at the option of the shareholder. The share alternatives being offered have been worth significantly more than the cash dividend which has resulted in the vast majority of shareholders opting to take the share alternatives.

The existing practice largely ignores ESDs treating them as normal cash dividends and making subsequent capitalisation adjustments for the scrip issue after the take up and listing of the new stock which normally occurs on the pay date.

The working party has proposed that in all cases where the share alternative is worth more than the dividend, the enhanced scrip dividend

should be treated as a capitalisation change and implemented on the x date assuming a 100 per cent take up of the scrip. The terms of the capitalisation change should be calculated using the published amount of the enhanced scrip

dividend and shares-in-issue immediately prior to the x date. An adjustment for any stock not taken up will be made on the pay date. The x date adjustment should be zero as it assumes a 100 per cent take up of the scrip.

# DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding dividend	Total for year	Total last year
Atlas Convert	71	Nov 19	7	7	22
Eleco	1	Nov 26	2.75	2.75	3.3
Fortis	2.75	Nov 26	2.4	2.4	7.5
Hellier Bar	2.54	Oct 29	1.33	1.33	4.8
Huntleigh Tech	2	Nov 1	1.33	1.33	3.33
Landu	0.51	Nov 19	0.3	0.3	0.3
Redland	0.25	Nov 25	0.25	0.25	25
Rutland	0.27	Nov 25	0.27	0.27	0.8
Sherrwood	11	Nov 22	0.5	0.5	2.6
Sykes-Pickavant	1.33	Dec 31	2.25	2.25	4
Symonds Eng	nil	Nov 19	0.7	0.15	1
Thorne (FW)	1.87	Nov 19	1.7	2.87	2.5
Tomorrows Leis	nil	Feb 4	1.375	1.375	1.375
Trinity Holdings	2	Feb 4	1.5	1.5	1.5

Dividends shown pence per share net except where otherwise stated. †On increased capital. ‡USM stock. \*Adjusted for scrip issue. †For 18 months.

# CONTRACTS & TENDERS

# PROCUREMENT NOTICE

# INVITATION TO PREQUALIFICATION

In the name and on the behalf of the  
Republic of Hungary

THE MOTORWAY DIRECTORATE  
OF THE MINISTRY OF TRANSPORT,  
COMMUNICATION AND WATER  
MANAGEMENT

issues an invitation to participate in the

# INTERNATIONAL PREQUALIFICATION PROCEDURE.

The purpose of this procedure is to select  
organisations, consortia and companies which are able  
by way of a

# CONCESSION

to finance using their own funds, to upgrade, enlarge,  
construct, operate and maintain the

M7 TOLL MOTORWAY sections between  
17.0 - 239.7 km St.

according to the terms of a negotiated  
and mutually agreed contract.

Before issuing the Tender Documentation the Motorway  
Directorate will allow the Ministry to get to know the  
organisation, financial resources and capabilities of the  
Applicant, as well as its previous and on-going similar  
projects.

The prequalified Applicants will be invited to participate and  
to submit a Tender for Concession.

Preliminary information regarding the prequalification - and  
forms of "REQUEST FOR QUALIFICATION" (RFQ) may be  
obtained at the address below, between 10.00 and 16.00  
hours on workdays from Monday 4th October 1993 against a  
receipt of payment of USD 2,500 - (two thousand five  
hundred USD) or equivalent amount given in other  
convertible currency.

Remittances are to be made to the account of Motorway  
Directorate: No. HU-HB 214-90174-3483 kept in the  
"Országos Kereskedelmi és Hitelbank" 1052 Budapest V,  
Károly körút 20.

MOTORWAY DIRECTORATE, BUREAU FOR  
MOTORWAYS IN CONCESSION

Attention: Mr Árpád SIPOSS  
H-1024 Budapest, Fényes Elek u. 7-13.  
Phone: (36-1) +20-21-605  
Fax: (36-1) +175-94-85  
Telex: 224088

The signed forms completed in English or RFQ should be submitted to  
the same address, as late as  
16.00 (local time) Tuesday, 7th December 1993

Each applicant will be notified separately about the PQ  
review Committee's decision.  
The decision will be final.  
Budapest, September 1993.

Motorway Directorate.

# COMPANY DIRECTORS. TIME IS RUNNING OUT

Directors of private limited companies normally have ten months from their financial year end to file their Annual Accounts with Companies House - and avoid a late filing penalty. (Public limited companies have only seven months).

Just one day late and your company will be penalised. Delay too long, and the penalty is as much as £1000.

If your financial year ended on 31 December 1992 - you must file your Annual Accounts with us this month.

Remember, every Director is personally responsible for ensuring the company Accounts are delivered to us on time. Not just the Finance Director or your accountant. So don't wait until it's too late. File your Accounts while there's still time in hand.

For more information, call Companies House on Cardiff (0222) 380936.

PS. REMEMBER TO SEND US YOUR COMPANY'S ANNUAL RETURN TOO.

FINANCIAL YEAR END (PRIVATE LTD) 31 Dec '92 31 Jan '93 28 Feb '93  
DEADLINE FOR FILING 31 Oct '93 30 Nov '93 28 Dec '93



COMPANIES HOUSE

Grown Way, Cardiff CF4 3UZ.

Companies House is an Executive Agency of the Department of Trade and Industry.

# Caribbean Depository Receipts

# PIONEER ELECTRONIC CORPORATION

The undersigned, being the Agent of Caribbean Depository Company N.V., announces that Pioneer Electronic Corporation has declared a dividend of Yen 12.50 per share (Final div. for financial year 1992) which will be payable as from October 11th, 1993 at the office of MenaPioneer N.V., This distribution, which has been converted into U.S. dollars pursuant to section 4 of the Deposit Agreement will be available to holders of CDR's against surrender of coupon 3 less 20% Japanese withholding tax, to the effect that per CDR's evidencing

5 Depository Shares \$ 4.79 (5.87)  
10 Depository Shares \$ 9.58 (10.18)  
100 Depository Shares \$ 95.80 (101.80)

The amounts stated between brackets represent the dividend less 15% Japanese tax. These dividends will be paid until October 31st 1993, but only on condition that the coupon is surrendered and accompanied by an "Affidavit" (obtainable with the undersigned), evidencing that the beneficial holders of the CDR's are residents of a country which has concluded a Tax Treaty with Japan. In the Netherlands dividends will be paid to residents in Dutch currency at the daily rate of exchange unless otherwise instructed.

Amsterdam, September 30, 1993

MenaPioneer N.V.

# DO YOU WANT TO KNOW A SECRET?

The I.D.S. Gann Seminar will show you how the markets REALLY work. The amazing trading techniques of the legendary W.D. Gann can increase your profits and contain your losses. How? That's the secret. Ring 081 474 0060 to book your FREE place.

# MONTHLY AVERAGES OF STOCK INDICES

	September	August	July	June
FT-SE Actuaries Indices				
100 Index	3028.1	3019.3	2850.7	2874.7
Mid 250	3450.2	3441.3	3228.5	3208.9
350 Share	1517.8	1513.5	1428.9	1434.0
Industrial Group	1526.81	1518.88	1330.51	1445.43
500 Share	1823.43	1814.52	1621.82	1538.22
Financial Group	1130.84	1130.74	1074.45	1048.34
All-Share	1505.06	1488.55	1413.38	1419.94
Eurotrack 100	1270.00	1284.68	1226.39	1183.38
Eurotrack 200	1358.56	1365.85	1280.39	1237.69

	Highest Close Sep	Lowest Close Sep
FT-SE 100	3085.1 (1st)	2988.4 (15th)
FT-SE Mid 250	3485.7 (1st)	3421.2 (16th)
FT-SE 350	1544.4 (1st)	1500.2 (15th)
FT-A All Share	1530.09 (1st)	1488.64 (15th)
Ordinary	2403.1 (1st)	2309.1 (24th)

# Notice of Redemption to the Holders of

# Hydro-Québec

U.S. \$200,000,000

Floating Rate Notes, Series FV, Due May 2005

Unconditionally guaranteed as to payment of principal and interest by

Province de Québec

NOTICE IS HEREBY GIVEN that in accordance with Article 10 of the Terms and Conditions of the Notes, Hydro-Québec has elected to redeem all of the outstanding Notes mentioned above at their principal amount on the Interest Payment Date falling on 10th November, 1993 (the "Redemption Date") when interest on the Notes will cease to accrue.

Payment of principal will be made on or after the Redemption Date against presentation and surrender of the Notes at the office of the Fiscal and Principal Paying Agent, Bankers Trust Company, London, located at 1 Appold Street, Broadgate, London EC2A 2HE or at any one of the offices of the paying agents mentioned on the reverse of the Notes.

Notes should be presented for payment with all unattached Coupons.

Upon the due date of redemption all unattached Coupons, whether or not attached to a Note, shall become void and no payment shall be made in respect thereof.

Payment of interest due on 10th November, 1993 will be made in the normal manner, on or after the 10th November, 1993, against surrender of Coupon Number F17 at the offices of any one of the paying agents authorised.

Bankers Trust Company, London  
1st October, 1993

# BBV BANCO BILBAO VIZCAYA

# SECOND QUARTERLY DIVIDEND 1993

The Board of Directors of Banco Bilbao Vizcaya S.A. has approved the payment of the second quarterly dividend for the Financial Year 1993 on all shares issued, numbered 1 to 281,000,000 as follows:

Gross Dividend 38 ptas Tax 9.50 ptas Net Dividend 28.50 ptas

Date of payment: on or after 11th October 1993

Payment: As the Bank shares are represented by entries in the official register maintained by the Servicio de Compensación y Liquidación, S.A. (the "SCL"), the payment of the dividend will take place through the members of the SCL.

# St Helena Gold Mines Limited

(Reg No. 150274/1981)

# Oryx Gold Holdings Limited

(Reg No. 1401/1990/006)

# JOINT CAUTIONARY ANNOUNCEMENT

In February 1991 the major shareholders in Oryx Gold Holdings (OGH) agreed to provide R979 million of interest free loans to OGH to enable St Helena Gold Mines Limited to continue development of the Oryx Mine (Oryx). Based on assumptions made at that time, these loans were adequate to enable Oryx to become self funding in 1994.

An important assumption made in 1991 was that the initial reef development values would approximate the estimated average value of the total ore body, and hence that early gold production from stopping this reef would contribute to the funding requirements of Oryx. So far this has not been the case. The 1 216 metres of reef development completed to date has shown poor mineralisation with an actual average value of only 274 centimetre grams per ton, compared with the estimated average value of the total ore body of 1 245 centimetre grams per ton. These actual grades are inadequate to support meaningful gold production, and hence the expected contribution of stopping operations to the funding requirements of Oryx will not materialise.

The reef development to date represents less than 1% of that expected during the life of the mine, and so the originally estimated average grade of the ore body cannot yet be rejected. However, even with the expectation that better grade reef with values closer to the estimated ore body average will be exposed at the deeper levels of the mine, it is unlikely that breakeven will be achieved much before 1997. In consequence, substantial additional funds of perhaps as much as R900 million could be required to complete the mine after the R979 million of interest free loans is fully drawn down in March 1994.

The alternative courses of action which are available to OGH are being considered but, in the interim, development will continue while the parties involved in the financing are consulted.

Shareholders are advised to exercise caution in dealing in the shares of these companies and will be kept informed of progress.

By order of the Boards  
Johannesburg  
30 September 1993

(Both companies are incorporated in the Republic of South Africa)



# Notice of Early Redemption

U.S. \$200,000,000



CRÉDIT NATIONAL

9.375% Bonds due 1995

(Euroclear Number 68098)

Notice is hereby given in accordance with Condition 4(b) of the Bonds, that the company has elected to redeem all the outstanding Bonds on November 1, 1993 (the "Redemption Date") at a redemption price to be calculated by the calculation agent on October 19, 1993 plus accrued interest, all as more fully provided in the Terms and Conditions applicable to the Bonds and the related fiscal agency agreement.

Payment of the redemption amount, together with interest due, will be made on or after the redemption date against presentation and surrender of the Bonds at the office of the Principal Paying Agent or any of the paying agents listed below.

FISCAL AND PRINCIPAL PAYING AGENT  
The Chase Manhattan Bank, N.A.  
Woolgate House, Coleman Street  
London EC2P 2HD

PAYING AGENTS  
Banque Bruxelles Lambert S.A.  
24 Avenue Marx  
B-1050 Brussels  
Chase Manhattan Bank (Switzerland)  
63 Rue du Rhône  
CH-1204 Geneva

For and on behalf of Crédit National  
45 Rue Saint-Denis  
75001 Paris, France

By: The Chase Manhattan Bank, N.A.  
London, Fiscal and Principal Paying Agent



October 1, 1993



## COMPANY NEWS: UK

Proceeds will help to reduce housebuilder's debt

## Buy-out at McCarthy &amp; Stone management arm

By Roland Adburgham, Wales and West Correspondent

MCCARTHY & STONE, the Bournemouth-based housebuilder specialising in retirement housing schemes, is disposing of Peverel, its management company, in a £30.7m management buy-out.

The company, which incurred a pre-tax loss of nearly £20m in the year to August 31 1992, will be using the proceeds to reduce its £50m bank borrowings by £20m and to fund new development.

Peverel manages about 17,000 retirement flats and houses in more than 400 private developments, mostly built by McCarthy. It will

retain the McCarthy management contracts and its freehold and leasehold interests.

The buy-out, led by Mr Nigel Bannister, Peverel's managing director, is mostly equity-financed by Electra, the investment institution, with some debt financing from Bank of Scotland and 5 per cent from the management team.

Peverel made a £3.7m pre-tax profit in the year to August 1992 and had a net asset value of £5.1m.

McCarthy's sales have dropped from 2,600 units a year before the recession to about 1,000, although Mr John McCarthy, chairman, said yes-

terday it was now seeing an improvement.

"It is the right time to reinvest in land and in our core business and to realise a non-performing asset - the freeholds and leaseholds," he said. The disposal of Peverel would also end, he said, what some saw as a conflict between the roles of developer and manager.

Peverel was originally an estate agency acquired by McCarthy in 1982, the year that the parent company was floated on the stock market. It is retaining its existing management team and staff and will be seeking to expand by winning other management contracts.

## NEWS DIGEST

## FW Thorpe drops 9% to £1.66m

AFTER CONTINUED capital investment in Compact Lighting, pre-tax profits of FW Thorpe, the manufacturer of lighting equipment, fell by 9 per cent, from £1.83m to £1.66m, in the year to end-June.

Turnover, however, increased from £14.7m to £16.1m. At the operating level profits fell to £1.5m (£1.62m).

The pre-tax outcome was struck after interest receivable of £251,000 (£216,000) and an increased share of losses of an associated undertaking amounting to £57,000 (£49,000).

Earnings per share came out at 6.6p (7.7p) and an improved final of 1.87p (1.7p) raises the total to 2.87p (2.5p).

## Waterglade

Waterglade International, the property developer, reported a pre-tax loss of £4.09m for the year to March, against a loss last time of £5.24m before a £13.26m property provision.

Turnover dropped to £9.56m (£24.6m) and net rents receivable to £1.6m (£1.73m). Losses per share were 16.1p (34.5p).

The company has changed its year-end to May 31 and a fuller report will accompany those figures shortly. Progress on the fund raising exercise announced in August has been slower than expected, the company said.

## Richmond Oil

Shares in Richmond Oil and Gas were yesterday suspended at 44p. The struggling natural resources company said it had received an approach from a third party which may lead to the sale of its principal asset.

Pending the outcome, it has postponed publication of its

results for the year to March. Share dealings and transactions relating to Richmond around the time of its 1992 flotation are under investigation by the Serious Fraud Office.

## APV

APV is to sell its 82.5 per cent stake in Ortmann and Herbst, a German maker of bottle filling and washing equipment, for DM78.1m (£30.4m) net of repayment of DM7.4m of intra-group loans due to O&H. The buyer is Max Kettner Verpackungsmaschinenfabrik.

APV bought its initial stake in O&H in 1989 for £6m as its first move into that sector of process equipment for the food and drink industry.

## Intl Comm

PSB Group, the directing marketing company, has acquired a further 500,000 shares in International Communication and Data.

The seller was Mr G Thain, a founder of ICD, and Checksolo. They also sold warrants to PSB for a further 931,392 shares.

PSB said it intends to requisition an EGM to replace three ICB directors with three of its own nominees and to seek control of ICD.

## Palmerston

Shares in Palmerston Holdings were suspended at 10p yesterday pending publication of the company's results for the year to end-March.

The loss-making property group is still proceeding with the CVA as previously announced, and talks with its bankers and a potential investor are continuing.

## Sykes-Pickavant

Sykes-Pickavant Group, the USM-quoted maker of hand tools and diagnostic equipment, announced a drop in pre-tax profits from £402,000 to £91,000 for the half

year to June 30.

Mr Ray Way, chairman, said the main event at the Lytham site had been the introduction of a new integrated computer system. He said that "significant teething problems" were now over and that as a result the first half was made up of a loss in the first quarter offset by a profit in the second.

The interim dividend, which is cut to 1.35p (2.25p), is uncovered by earnings of 0.58p (2.75p) per share.

The shares fell 8p to 55p.

## Welpac

On turnover up from £7.73m to £10.3m, Welpac, the hardware and gardening products maker, cut pre-tax losses from £1.38m to £138,000 in the six months to July 31.

After a profitable first four months trading, directors explained that June and July were "disappointing". They added, however, that the group had enjoyed improved trading for the first two months of the second half.

Turnover included £234,000 from discontinued operations which incurred £138,000 losses. There was an overall operating profit of £128,000 (£1.08m losses) but interest charges took £266,000 (£238,000).

Losses per share were 0.5p compared with 5.6p.

## Schroder Split Fund

The net asset value per capital share of the Schroder Split Fund stood at 80.93p at the six months ended July 31, an 11.6 per cent increase on the 72.5p at March 11 this year.

The split capital trust, launched in February, declared a second interim dividend of 1.8875p per income share making 3.375p to date, payable from earnings of 3.95p.

Directors have indicated their intention to pay four dividends a year in approximately equal amounts and a pay-out of not less than 6.75p is anticipated for the year.

## Markheath losses at £69m after provisions

By David Blackwell

MARKHEATH, the property group controlled in effect by Adelaide Steamship, the Australian company, and its associates, incurred an increased pre-tax loss of £68.8m for the year ended March 31, against £22.7m.

During March Markheath entered a standstill agreement with its banks, which are continuing to provide credit facilities. Mr Michael Rendle, chairman, said yesterday that the group was still talking with the banks about a financial restructuring, which he hoped would take place "as soon as possible".

The loss was after charging £57.9m (£15.5m) for provisions against the carrying value of properties and a provision of £5m (nil) against the amount owed by an associate.

Turnover was £4.17m (£4.25m). Losses per share came out at 55.25p, compared with 18.66p. There is no dividend.

Markheath, which cut its staff from 40 to 10 over the year, said its priorities were the reduction of borrowings and overheads and the securing of pre-lets at its main development sites in Stevenage and Brentford. These accounted for £43.5m of the total property provisions.

Net liabilities at the end of the period totalled £12.5m or 10.2p a share, compared with net assets of £55m or 45.1p a share at the beginning of the year.

Net borrowings were £97m (£72.9m). Interest payable advanced to £5.77m (£2.37m). The shares closed unchanged at 5p.

## Betacom back in black with £0.5m

By Paul Taylor

BETACOM, the telephone equipment supplier which is now 66 per cent owned by Amstrad, the consumer electronics group, reported a return to profit in the year to June 30.

The company, which has reorganised its operations and capital structure in the past year, announced pre-tax profits of £500,000 in the 12 months to June 30 compared with a £3.9m loss in the six months to June

30 1992. Last year the company changed its year end from December 31 to June 30.

Turnover from continuing operations was £12.1m for the year, compared with £4.26m in the preceding six months, and the group reported a small £57,000 operating profit compared with a £3.52m loss.

Profits were further boosted in the full year by a £213,000 profit on the sale of joint venture investments in Germany and the Netherlands, and £246,000 in net

interest receivable. Earnings per share of 0.83p compared with losses of 12.38p in the 1992 six month period. There is no dividend.

Mr Ken Ashcroft, Amstrad's former corporate finance director who was appointed Betacom's chairman in July last year, said the year had been "one of consolidation" during which the group eliminated its peripheral business to concentrate all its resources "on improving our core business in consumer telephones and com-

munications products in the UK."

In the UK Mr Ashcroft said Betacom "disposed of significant quantities of slow moving products resulting in a much better mix of inventory at the year end," and will be releasing a number of new products this autumn.

The group, which has also restructured its banking facilities, ended the year with net cash of £3.2m compared with an overdraft of £2.6m a year earlier.

## Bayer to license Celltech antibody

By Richard Gourlay

BAYER, the German pharmaceuticals group, has exercised an option to license a new genetically engineered human antibody being developed by Celltech Group, the Berkshire-based biotechnology company planning to seek a UK listing.

The move means Celltech has received £4m of milestone payments to add to the £4m it already has from Bayer.

The Celltech antibody, CDP871, is in phase two of clinical trials in seven European centres. It is designed to block the action of Tumour Necrosis Factor which is produced by the body's immune system and appears to be a key factor in the

development of life threatening septic shock. This condition leads to rapidly falling blood pressure and failure of a number of the body's organs.

Celltech has also begun a phase two study in rheumatoid arthritis patients whose joints can display abnormally high concentrations of TNF.

Celltech said Bayer had been encouraged by findings from studies of septic shock patients using its own mouse antibody, now in phase three of clinical trials.

Celltech's development of a human antibody will be one to two years behind the mouse antibody. But if successful it should be more effective and less prone to attack by the body's immune system.

Celltech also believes success for Bayer's septic shock antibody will increase the chances of success for its CDP571 antibody. "If Bayer makes it to registration it is likely our product will do at least as well," said Mr Peter Fellner, chief executive. The exercising of the option confirmed the two companies' confidence in Celltech's new antibody, he said.

Bayer's option allows it to license Celltech's anti-TNF antibody for all clinical indications and to pursue later phase development in collaboration with Celltech. Mr Horst Meyer, head of Bayer Pharma, was optimistic that joint products would be successfully developed with Celltech "in the foreseeable future".

## Manchester City leaps 68%

MR Peter Swales, who is

currently embroiled in an increasingly acrimonious battle for control of Manchester City, said yesterday that no formal proposals had been received regarding an offer for the Premier league club.

Mr Swales, chairman of the club, had earlier claimed that other unnamed buyers were keen to acquire the club in opposition to the consortium set up by Mr Francis Lee, a former player.

The statement accompanied

the club's results for the 12 months to May 31 which showed pre-tax profits ahead 68 per cent from £632,000 to £1.06m. Turnover increased from £8.97m to £10.1m.

The outcome was struck after net expenditure on players of £1.2m (£200,000). Net assets amounted to £3.8m (£2.8m) although the figure takes no account of any valuation of the players or the full value of the stadium.

The shares are dealt under Rule 535.2.

## Buy-out at Royal Bank arm

By Andrew Jack

THE ROYAL Bank of Scotland yesterday announced that it had agreed to a management buy-out of the private client business of Charterhouse Tilney, its stockbroking arm.

The new company, to be called Tilney & Co, will be bought for about £5.5m cash, to be based on an adjusted net asset value at completion.

The chief executive will be Mr John Mitchell, who is currently managing director of

Tilney. It has more than 35,000 clients, 350 staff in nine offices and £3.8m under management.

A 90.1 per cent stake in Charterhouse Tilney is being sold to Credit Commercial de France and Berliner Handels- und-Frankfurter Bank, as announced in July. It will be called Charterhouse Tilney Securities.

Both sales are in line with the Royal Bank's strategy of focusing on its core commercial banking and insurance businesses.

## NatWest Ventures

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## The British Venture Capital Association 1993 "Venturer of the Year" Award

Four out of the six category winners were backed by NatWest Ventures:

## Michael Peagram, Holliday Chemical Holdings PLC

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Winner of the Large MBO Category

NatWest Ventures led the £11.5 million MBO in 1988

## Chris Goring, August Systems Limited

Winner of the Development Capital Category

NatWest Ventures was sole provider of £1.5 million of expansion capital in 1990

## Brian Thomas, Metrotect Industries plc

Winner of the Small MBO Category

NatWest Ventures was joint investor in the £7 million MBO in 1990

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Winner of the Management Buy-In / Turnaround Category

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NATWEST VENTURES

NatWest Markets

NatWest Ventures Limited, a member of IBSG

## CONTRACTS &amp; TENDERS

## The State Property Agency informs any interested parties, that

The tender for privatization consultants called for on June 30, 1993 regarding the partial sale of the Agency's proprietary share in the following electric companies of the Hungarian power grid has brought the following results:

**Price Waterhouse Budapest Kft.**  
at Budapesti Elektromos Művek Rt.  
(Budapest Power Station)

**Knight Wendling Consulting Kft.**  
at Tiszántúli Áramszolgáltató Rt.  
(Electric Company of the region east of the Tisza river)

**The consortium of Argenta Top Broker Rt. and ABN AMRO Bank Magyarország Rt.**  
at Észak-Magyarországi Áramszolgáltató Rt.  
(Electric Company of Northern Hungary)

**The consortium of Central European International Bank (CIB) and Société Générale (Paris)**  
at Észak-Dunántúli Áramszolgáltató Rt.  
(Electric Company of the North-Transdanubia region)  
at Dél-Dunántúli Áramszolgáltató Rt.  
(Electric Company of the South-Transdanubia region)

**Gauß Budapest Kft.**  
at Dél-Magyarországi Áramszolgáltató Kft.  
(Electric Company of Southern Hungary)

The bids of the above privatization consultants have achieved the best ratings of all on the basis of the applied evaluation criteria and methods.



## COMPANY NEWS: UK

Proposals include possible disposal of power transmission business  
**Fenner launches £17.4m rights**

By Andrew Baxter

FENNER, the Hull-based industrial products group, yesterday announced plans to raise about £17.4m through a 1-for-2 rights issue at 80p, and revealed it was discussing the possible sale of its principle power transmission components business.

The announcement marks the first significant move by the new management team at Fenner, following the retirement of Mr Peter Barker earlier this year after 11 years as chairman.

Mr Colin Cooke, chairman of Triplex Lloyd, was appointed non-executive chairman in June, and Mr Julian Bigden became group managing director in February.

Now Fenner is joining the long list of UK engineering companies to consider severing links with its past by withdrawing from a relatively low-margin business so that it can invest in its higher-margin products and become, like TI Group, an international "specialist engineering" concern.

Shares in Fenner jumped 14p to 100p as the market responded warmly to a lengthy statement from the company detailing the proposed changes and recent financial performance. The main points are:

● Following an approach,



Colin Cooke: proceeds will be for expansion and to reduce debt

Fenner is holding discussions with a potential purchaser for the power transmission business. These are at a preliminary stage, and the outcome is unlikely to be known until the end of this calendar year. The division will report an operating loss of about £1.8m for the year ended August 31, but was trading profitably in the second half.

● A rights issue is proposed of up to 23.2m new shares at a

price of 80p each. This is underwritten by Morgan Grenfell and European Strategic Investors Holding.

● ESIH, which is advised by Arlington Capital Management, will assist in the formulation of group strategy and subscribe for 2.18m ordinary shares at a 5 per cent premium to the average of the middle market closing prices from yesterday until October 18. The subscription price will not be

less than 88.3p and will raise a further £1.88m at least.

● Operating profit (before exceptional items) was about £9.6m in the year ended August 31, down from £11.3m. Turnover edged up from £197m to £202m and pre-tax profit dropped from £5.5m to about £300,000.

● The board has concluded that the payment of dividends is "inappropriate at this stage." In the absence of unforeseen circumstances, a resumed payout is expected for the current year to August 31 1994.

Mr Cooke said the power transmission business - which had sales of £71m in the year ended August and 1,200 employees - was too dependent on the UK's shrinking engineering and manufacturing base. Attempts to increase continental European sales had been hampered by the recession.

The £19.3m raised from the proposed rights issue and share subscription would give Fenner the opportunity to extend its fluid power and polymers product ranges; develop export markets and new products in the conveyor belt division; reduce debt; take further management action in the power transmission business, and "assess any offer received against a background of financial strength."

**Rutland Trust ahead at £3.6m**

By David Blackwell

PRE-TAX profits of Rutland Trust, the financial services and property surveying group, edged ahead from £3.5m to £3.6m in the six months to end-June.

However, earnings per share rose by 11 per cent to 0.93p (0.84p).

Mr Michael Langdon, chief executive, described the results as "satisfactory".

The first half in the head office/corporate finance division was "particularly active". Its pre-tax profits rose by 10 per cent to £704,000 (£639,000). In addition to its normal corporate finance work, the division was closely involved in the acquisition in August of Ben Shaws, a Yorkshire-based soft drinks maker, for £5.7m.

Rutland believes it has the financial skills to develop the acquisition as a separate business within the group.

Mr Langdon said that Capital Industries, in which Rutland has a 42.6 per cent interest, had been transformed by the acquisition in September last year of Samuel Jones, a specialist manufacturer of sticky labels.

This had led to a near-three-fold rise in Capital Industries' shares, leaving Rutland with an investment worth £20m but on the books at £7m. He would not be drawn on when the group would take its profits.

Pre-tax profits in the asset financing division, which is involved in vehicle contract hire, fell 40 per cent, from £892,000 to £536,000. Mr Langdon said he expected a similar result in the second half. The division's pre-tax outcome for 1992 was £858,000.

Profits from professional services were ahead nearly 20 per cent, from £2m to £2.4m. Ellis & Buckle, the loss adjusting business which forms the bulk of the division, maintained its profitability in a more difficult market, Mr Langdon said. Hunter & Partners, the architectural and building surveying practice, had moved into the black, reflecting an improved economic environment.

Group turnover rose from £46.4m to £50.5m. The interim dividend is maintained at 0.27p.

**Atlas Conv Equip falls to £1.38m**

SHARES IN Atlas Converting Equipment fell 147p to 533p yesterday after the engineering equipment group reported a fall in pre-tax profits from £2.2m to £1.38m in the first half of 1993.

Mr Christopher Rogers, chairman, said difficult trading had continued throughout the first half. The increase in orders experienced at the time of announcement of the 1992 results in April was not sustained.

The Far East sales office was experiencing a good level of enquiries and there were signs that North American customers were considering further investment although it was the beginning of the cycle. Demand in Europe for capital equipment was low with no signs of improvement.

He added that margins remained under pressure. Turnover was £19.1m (£20.6m). Earnings per share fell to 10.01p (17.6p), taking account of the £11m rights issue in May. The interim dividend is maintained at 7p.

**Symonds**

Following its brief success in winning new orders earlier in the year, a significant downturn in the second half left Symonds Engineering with a pre-tax deficit of £811,000 for the year to end-March.

The outcome at this Hertfordshire-based engineer compared with a profit of £156,000 last time and came from turnover down by £890,000 to £4.38m. The pre-tax figure was further depressed by reorganisation costs of £115,000.

During the past few months a strategic review of the business had been completed. As a result of this a number of redundancies had been made and operational changes instigated, the directors said.

Losses per share were 4.59p (1.02p earnings). There is no final dividend proposed, leaving the total for the year at 0.15p against 1p.

**Tuskar Resources**

Tuskar Resources, the Dublin-based oil and gas exploration company, cut its pre-tax loss

## NEWS DIGEST

from £30.8m to £2.2m (£2.07m) in the year to March 31.

During the year the company said it had undergone a transformation. It also avoided being taken over by Aminex.

It sold its interest in Coplex Agreements, incurring a cost of £1.04m and there were reorganisation costs of £548,000. In the previous year there was a loss on the sale of its Colombian interests of £27m.

**Courtyard Leisure**

Courtyard Leisure, the wine bar and restaurant operator, reported increased losses of £276,000 for the year to March 31, against £288,000. The result was struck after a provision of £195,000 against the loss on the sale of a wine bar.

Turnover was £3.22m (£1.9m). Losses per share were 5.4p (3.1p).

Mr Ali Safa, chairman, said that trading was difficult. Turnover increased because of the acquisition of a wine bar in the City but its performance was hit by the bombing of the nearby Baltic Exchange.

**Baillie Giff Tech**

Baillie Gifford Technology yesterday announced that it had received an approach which "may or may not lead to an offer" for the company.

Directors said that it was likely that the offer would be pitched at a price below the current level. Nevertheless, the shares rose 2p to 16p.

**Lendu**

Lendu Holdings, the Kent-based group which is involved in irrigated cotton and dryland farming activities in the eastern states of Australia, achieved pre-tax profits of £1.15m for the 18 months ended June 30. Profits for the 1991 year were £51,000.

The change in the year end was to coincide with the cropping cycle of cotton, the company said, and the results include two crops.

In addition, there were a number of exceptional items totalling £1.07m, including a gain of £31,000 on the sale of the wool and cereal farms in western Australia and £80,000 from the sale of Lendu Rubber Estates.

In March, Oonavale, a 9,029-hectare property in eastern Australia, adjacent to the Gubagunyah property, was acquired and a total of 850

hectares were ready to be planted for the 1993-94 season.

Turnover for the 18 months amounted to £1.95m, with £1.4m from continuing operations, against £325,000 for 1991 with £27,000 from continuing operations. Operating profits were £266,000 (£112,000 losses).

Earnings per share worked through at 6.68p (0.51p) and a dividend of 0.5p (0.3p) is proposed.

**Storm**

Storm Group, the animation, licensing and merchandising company, returned to the black with a pre-tax profit of £102,000 for the first six months of 1993.

That compared with a deficit of £1.13m, incurred after a £1.54m write-off in respect of film costs.

Because of the absence of any sales of completed animation productions to the TTV network, turnover for the first half was down from £4.05m to £1.78m. The pre-tax figure was after interest charged of £73,000 (£66,000 received).

Earnings per share were 0.14p (1.49p losses).

**F&C US Smaller**

Foreign & Colonial US Smaller Companies lifted net asset value by 2.2 per cent over the first six months of its life.

The figure at June 30 was 96.9p per share, or with warrants exercised, 96.5p, against an initial value of 96.5p.

Net revenue amounted to £244,000, equivalent to earnings of 0.49p per share.

**Helical Bar**

After a significant reduction in the interest charge, Helical Bar, the property group, reported a 75 per cent advance in pre-tax profits from £1.37m to £2.22m for the half year to July 31.

Turnover fell from £15m to £10.5m. At the operating level profits were down 35 per cent to £4.58m.

Over the past 18 months the group has made substantial sales, thereby reducing borrowings, directors said. As a result gross rentals were lower at £5.6m (£7m). Net interest payable fell by £3.93m to £2.62m.

Earnings per share worked through at 10.89p (5.01p) and the interim dividend is raised from 2.4p to 2.5p. Directors are forecasting a 20 per cent increase in the total.

**JO Walker back in black with £0.16m**

JO Walker, the timber importer, reported a return to profits in the six months to June 30. Helped by an exceptional gain of £227,000 on the realisation of an investment, pre-tax profits were £162,000, against losses of £162,000.

Turnover advanced 13 per cent to £7.17m (£6.33m) for operating profits of £15,000, compared with losses of £78,000.

Earnings per share for the six months came out at 20.2p (losses 19.2p).

The company said profit margins were under intense pressure resulting from higher cost of raw materials because of sterling's devaluation.

**Increased sales behind sharp recovery at French Connection**

By Peter Pearce

FRENCH CONNECTION, the clothing wholesaler and retailer 76 per cent owned by Mr Stephen Marks, its chief executive, returned strongly to the black in the six months to July 31.

However, the USM-traded group will not be paying an interim dividend - nor will it pay a final at the year-end.

Mr George Wardale, chairman, said that increased turnover, especially in the US operation, had been the key to the improved performance - pre-tax profits were £2m, against losses of £788,000. Group turnover rose to £30.6m (£22.5m).

"All the rubbish is now out of the way," he said, stressing that the group was now refocused on its French Connection and Nicole Farhi brands. Profits this time were unaffected by exceptional charges: last time £1.01m was subtracted from the pre-tax line.

While sales at French Connection Wholesale slipped to £5.1m (£5.3m) and sales at Nicole Farhi Wholesale rose to £3.7m (£3.1m), margins in the UK retail side improved and sales increased by £1m to £8m.

There are now six French Connection and 21 French Connection outlets in the UK - two more of the latter are planned before December.

Sales in the US operations, 50 per cent owned by Mr Michael Axelrod, a director, expanded to £10.8m (£5m). Mr Wardale said this rise, as in the UK, derived from "genuine sales - more product sold at full price". There are now eight French Connection outlets in the US.

Cashflow from retail sales helped cut borrowings from £5.6m at January to £4.4m at the end of July, though Mr Wardale said that requirements fluctuated throughout the year. Net interest payable fell to £307,000 (£661,000).

Earnings per share emerged at 4.4p (losses 6.3p) after minorities took £431,000 (£76,000).

## Notice of Issue of New Shares

**Daewoo Corporation**  
U.S. \$150,000,000

## 5% Bonds due 1996 with Warrants

Notice is hereby given to the holders of Daewoo Corporation 5% Bonds with Warrants due 1996 that at a meeting of the Board of Directors held on August 9, 1993, the Company resolved to issue new shares under the following terms and conditions:

1. Type and Number of Shares: 10,300,000 common shares in registered form.
2. Record Date: The record date to determine the shareholders entitled to subscribe for the new shares has been set at 17:00 hours on October 8, 1993.
3. Subscription Period: November 16, 1993 - November 17, 1993.
4. Payment Date: November 18, 1993.
5. Subscription Price Adjustment:
  - 1) The current subscription price of the warrants is Won 16,819 per common share.
  - 2) The subscription price will be adjusted due to this issue of new shares.
  - 3) The adjusted subscription price will be notified in due course.

The Chase Manhattan Bank, N.A. for and on behalf of Daewoo Corporation



October 1, 1993

## U.S. \$40,000,000

## A/S JYSKE BANK

## Floating Rate Notes

## due 1994

Interest Rate 5 1/4% p. a. (interest rate applicable according to conditions set out in the Terms and Conditions of the notes)

Interest Period April 30, 1993 - October 28, 1993 (Early Redemption Date)

Interest Amount due on October 29, 1993 per

US\$ 10,000 US\$ 265.42

US\$ 250,000 US\$ 6,635.42

Banking Conditions on Luxembourg

Agent Bank

## Nationwide

## £300,000,000

## Floating Rate Notes

## Due 1996

## (Secured Series)

Notice is hereby given that the notes will bear interest at 6.205% per annum from 30th September, 1993 to 29th October, 1993. Interest payable on 29th October, 1993 will amount to £24.62 per £50,000 note to £246.20 per £50,000 note.

Nationwide Building Society

Agent Bank

Baring Brothers & Co., Limited

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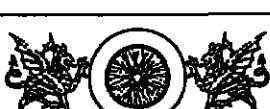
**PACKAGING AND THE ENVIRONMENT**

On 17th November, the Financial Times will unwrap the myths surrounding packaging and its environmental impact.

For further information and an editorial synopsis please contact:

Alicia Andrews

Tel: +44 (0) 71 873 3585 Fax: +44 (0) 71 873 3062

**Cardiff Automobile Receivables Securitisation (UK) plc**

## £328 million

## Floating Rate Notes

## Due 1995

In accordance with the provisions of the Note, notice is hereby given that for the interest period from 29th September, 1993 to 29th December, 1993 the Notes will carry interest at the rate of 6.25 per cent per annum.

Interest payable on 29th December, 1993 will amount to £155.82 on each £10,000 Note.

West Merchant Bank Limited

Agent Bank

## COMPANY NOTICES

## COSTAIN GROUP PLC

## NOTICE TO HOLDERS OF

## COSTAIN FINANCE N.V.

## 7% PER CENT GUARANTEED

## REDEEMABLE

## CONVERTIBLE

## PREFERENCE SHARES 2003

## (THE "SHARES")

Notice is hereby given pursuant to the terms and conditions of the Shares to all current holders of the Shares as follows:

On 29th September, 1993 the Board of Costain Group PLC ("Costain") announced its intention to raise approximately £83.9 million, after expenses, by means of a Rights Issue of new Ordinary shares. Under the

issue ordinary shareholders will be given the opportunity of subscribing for 5 new Ordinary shares for every 4 Ordinary shares held by them at the

close of business on 6th October, 1993, at a price of 30p per new Ordinary share. The Rights Issue is expected to become unconditional on 18th October, 1993.

As a result of the Rights Issue, subject to it becoming unconditional, the conversion price of the Shares will be reduced in accordance with the terms of Issue of the Shares:

Conversion price before adjustment 330p

Conversion price after adjustment 305p

Effective date of the adjustment: 6th October 1993

Holders of Shares should be aware that as the record date for the Rights Issue is 6th October, 1993, any conversion of Shares after that date will not entitle the holder to participate in the Rights Issue and that the Ordinary shares in Costain issued to the holder will be traded ex-rights.

Dated 1st October, 1993

Costain Group PLC

Costain Group PLC

Costain Group PLC

Costain Group PLC

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Trevor Humphries

## Redland cuts brick stocks

MR ROBERT NAPIER, chairman of Redland, one of Britain's largest producers of building materials, said that the group reduced its UK brick stocks by 60m in the first half. The group now had stocks equivalent to two months supply, compared with an industry average of four months.

Overall, UK brick stocks stand at about the 1bn level, but Redland expects demand to increase by about 6 per cent or 7 per cent next year fuelled by the expected recovery

in housebuilding.

Brick prices have fallen by between 20 per cent and 25 per cent from their peak. However, Redland said engineering bricks were now showing slight price increase and prices for facing bricks were strong.

Redland, like most other large brick producers, has cut its capacity dramatically during the recession. The Redland and Steetley brick businesses have been fully integrated and capacity has been cut by some 200m bricks.

## Eleco deficit amounts to £4.8m

ELECO Holdings, the building products and specialist contracting group, incurred a pre-tax deficit of £4.8m for the 12 months to June 30.

The outcome, struck on turnover down from £50.3m to £47.9m, including £453,000 from acquisitions and £1.63m from discontinued operations, compared to losses of £8.08m last time, restated under

FRS 3.

Mr Field Walton, the chairman, pointed out that the result for the period was adversely affected by rationalisation and reorganisation costs both in the UK and overseas.

There was an exceptional charge for the 12 months of £1.1m for the write-back of goodwill on the disposal of its

Ecometal operation and, as announced at the interim stage, a provision of £1.37m against costs of discontinuing the property development activities.

Group bank borrowings fell from £15.4m to £11.5m over the year and have since dipped further to about £3.8m. Losses per share were 15.7p (20p).

## BSM sees operating profits of £4.55m

By David Blackwell

BSM GROUP, which is coming to the market later this month, yesterday forecast operating profits for 1993 of £4.55m in its pathfinder prospectus.

Last year operating profits were £4.11m on turnover of £21m.

The group owns the British School of Motoring, one of the largest franchisers in the UK, with 15 per cent of the driving school market. It operates through 124 branches spread from Aberdeen to Plymouth, and has 2,000 self-employed instructors.

Pre-tax profits are forecast at £280,000 after payment of interest on debt arising from the £40m management buy-out of the company in 1990. Mr Paul Massey, chief executive, said yesterday that without the interest payments pre-tax profits would be £435m.

Money raised in the flotation, which is expected to give the group a market capitalisation of between £40m and £50m, will be used to repay the debt and help to fund expansion. "I want to leave the group unencumbered on flotation," Mr Massey said.

The prospectus also shows that the group expects a 75 per cent tax charge for 1993. This is a one-off cost, arising mainly from planning measures being taken in relation to capital allowances on the tuition vehicle fleet. From 1994 the charge should drop to about 25 per cent.

The new shares will be placed with institutions and offered through intermediaries. Impact day is on Thursday October 14. The offer closes at noon on October 21. Morgan Grenfell is sponsoring the flotation and James Capel are brokers.

At the time of flotation Morgan Grenfell Development Capital Partners will own 70 per cent of the shares and the family of Sir Anthony Jacobs, the former owner, 20 per cent.

The balance will be held by the 21-strong management team. No directors are selling any shares.

## Sherwood Group shows 5% fall to £7.76m

By Daniel Green

SHERWOOD GROUP, the socks and lace manufacturer, yesterday reported its first decline in interim profits since its flotation in 1986.

Pre-tax profits fell 5 per cent to £7.76m (£8.18m) for the first six months of 1993.

Mr David Parker, chairman, blamed recession in continental Europe for depressing profit margins on lace sales. Operating profit in lace fell from £5.59m to £4.64m, while turnover rose from £37m to £39.9m.

The company is increasingly dependent on overseas sales: 48 per cent of total turnover of £69.7m (£66m) now takes place outside the UK.

Nevertheless the interim dividend goes up to 1p (0.5p), a measure of "the board's confidence in the future", said Mr Parker.

Earnings per share fell from 5.3p to 4.8p, partly reflecting the issue of shares for the £19.6m acquisition in May of Lepel, the Italian lingerie maker.

Mr Parker said that the acquisition would be earnings enhancing over the full year. Garment sales tend to be substantially higher in the second half and the acquisition would further add to the skewing of sales and profits towards the second half.

Analysts said that pre-tax profits for the full year should be about £21m, beating 1992's £16.9m.

"Wherever we can cut costs, we will," said Mr Parker. "But margins will remain under pressure in the second half too."

Some 300 jobs had been cut this year, although another 210 people were taken on with Lepel.

The company is also concentrating on higher margin products. It is reducing production of certain lace to concentrate on clothing lace using Textron machines which create a three dimensional fabric.

Investment is falling from an "exceptionally high figure last year" of £11.6m to £9.5m for the full year.

## Lloyd's investment fund details released

By Andrew Jack

NOBLE & CO, the Edinburgh-based issuing house, yesterday released details of its fund designed to invest in Lloyd's of London, the insurance market.

In a memorandum, it says it plans to raise £30m which will be invested through two separate but linked or split capital companies from the 1994 underwriting year.

The vehicle takes advantage of proposed plans by Lloyd's to introduce corporate capital into the market without the unlimited liability requirement currently imposed.

Premium Underwriting will be allocated £12m and Premium Trust, a separate company, will receive £18m. The underwriting company will provide an interest-free loan of £1m to the trust. In exchange,

the trust will pledge £28m to Lloyd's.

This will allow Premium Underwriting to maintain an initial underwriting capacity of £56m, which will be allocated between up to 40 syndicates. This will be co-ordinated by Wellington Members' Agency, and about one quarter of the underwriting will be to syndicates managed by Wellington's managing agency arm.

Premium Trust will be managed as an investment trust by Martin Currie Investment Management. The minimum investment will be £3,000 and the fund hopes to attract about 30 per cent of the total from individual investors.

The approval of Names to the principle of introducing corporate capital will be sought at an extraordinary meeting on October 20.

## FT CONFERENCES

### RETAILING - NEW OPPORTUNITIES, NEW CHALLENGES

London, 12 & 13 October  
This topical conference will discuss international growth opportunities and new routes to market; look at ways of improving performance and profitability; and consider the importance of the customer. Speakers include: Sir Geoffrey Mulcahy, Kingfisher; Mr Rens de Wit, Pick 'n Pay Stores Limited; Dr Giuseppe Trionfante, La Rinascente SpA; Paul Moulton, Costco Europe (UK) Limited; Joseph Kampfer, Jr, McArthurGlen - Europe and Mr Henry Sweetbairn, Wickes plc.

### INTERNATIONAL PACKAGING AND THE ENVIRONMENT

London, 18 & 19 October  
Legislation and the opportunities and problems facing the packaging industry and its customers will be reviewed together with co-operation in the packaging chain, recycling versus incineration. Speakers include: Hans Alders, Dutch Minister for the Environment; Clemens Strotmann from the German Federal Ministry for the Environment; Yannis Palakissas of the EEC, David Velch for Proctor & Gamble Europe and Mr Dermot Smurfit from Jefferson Smurfit Group.

### AFTER THE RECESSION - WORLD COMMERCIAL AVIATION AT THE CROSSROADS

Dublin, 9, 9 & 10 November  
Timed to coincide with the Dubai International Aerospace Exhibition, the conference will examine in depth the political, economic and structural changes which the commercial aviation industry is now facing and which will influence corporate policy and planning in the years ahead. Speakers include: H.H. Sheikh Ahmed Bin Saeed Al Maktoum, President of the Dubai Department of Civil Aviation, Tan Sri Zain Azraai, Chairman of Malaysia Airlines, Mr Pieter Bouw, President of KLM Royal Dutch Airlines, Mr Colin Barrington, Assistant Chief Executive, GFA Group plc, and Dr William Fromme, Director, Air Navigation Bureau, International Civil Aviation Organisation.

### WORLD ELECTRICITY

London, 16 & 17 November  
The seventh Financial Times/Power in Europe conference will examine how the electricity industry is responding to a more competitive environment. Speakers include: Mr Nicholas Argyris, Commission of the European Communities; Dipl. - Ing Ludwig Strauss, Bayernwerk AG; Mr Tan Abing, Ministry of Electric Power, People's Republic of China; Mr Alfredo Elias Ayub, Ministerio de Energia, Minas y Industria, Mexico; Mr Gianfranco Castelli, ENEL SpA and Mr Jasp R van Deventer, Eskom, South Africa.

### THE ECONOMICS OF RAIL PRIVATISATION - OPPORTUNITIES FOR THE PRIVATE SECTOR

London, 22 November  
This high-level one-day conference will examine the opportunities - and pitfalls - in passenger services franchising, the new leasing market in railway rolling stock, and the management of track infrastructure. Speakers include: The Rt Hon Roger Freeman MP, Minister for Public Transport; John Swift QC, Rail Regulator Designate; Roger Salmon, Franchising Director Designate and Robert Horton of Railtrack.

### THE FIFTH FT PETROCHEMICALS CONFERENCE

London, 22 & 23 November  
Speakers will review the current challenges facing petrochemical producers and consider the longer term outlook for the industry, with presentations by: Mr Robert D Kennedy, Union Carbide Corporation; Dr Marcello Colini, Enichem SpA; Mr Makoto Takada, Matsuchi, Inc; Mr Edward A Wilson, Dow Europe SA and Mr Paul du P. Kruger, Sasol Limited.

### VENTURE FORUM EUROPE '93

London, 29 November - 1 December  
Arranged jointly by the Financial Times and Venture Economics, the Forum brings together industry experts from Europe and the USA to discuss the issues and opportunities affecting the European venture capital community. The Forum will include sessions on new approaches to fund raising; buyouts; the outlook for technology investing in Europe and future forecasts.

### WORLD TELECOMMUNICATIONS

London, 7 & 8 December  
The heart of the conference debate will focus on the trends changing the shape of the world telecommunications industry, with particular emphasis on regulation and the methods, challenges and obstacles of privatisation. Speakers include: Mr Don Cristoforetti, Director General of OFTEL, Mr James H. Quella, Chairman of the Federal Communications Commission, Mr Marc Dandrot, Conseiller d'Etat, French Ministry of Posts and Telecommunications, Mr Pál Horváth, Director General of the Hungarian Telecommunications Company and Mr Bessel Kok, Chief Executive Officer of Belgacom.

### OUTLOOK FOR NATURAL GAS IN THE 1990S AND BEYOND

Vienna, 13 & 14 December  
BP, British Gas, Exxon, Gazprom, Shell and Statoil are among the organisations represented on the speaker platform at this high-level meeting, which will consider developments in key markets; worldwide supply and demand; gas prices; projects and infrastructure financing.

All enquiries should be addressed to: Financial Times Conference Organisation, 102-108 Clerkenwell Road, London EC1M 5SA. Tel: 071 814 5770 (24 hour answering service) Telex: 27347 FTCONF G Fax: 071 873 3975/3969



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## COMMODITIES AND AGRICULTURE

## Opec production accord 'best since the Gulf war'

By Robert Corzine

MR DON Etiebet, the Nigerian oil minister, had a simple explanation for the serious mood that pervaded the meeting of the Organisation of Petroleum Exporting Countries, which ended on Wednesday with agreements on a new production and individual country allocations.

"If we had started throwing punches the price would have collapsed to \$10 a barrel," he said.

But even that ever-present spectre was not incentive enough to push the 12 delegations into an early deal, or, in the case of Kuwait, to prevent a dramatic display of brinkmanship.

It took direct political intervention by the leaders of Saudi Arabia, Iran and Kuwait, before the delegations agreed to put a cap on Opec production of 24.52m barrels a day for the six months from October to the end of next March. The continuing political support from King Fahd of Saudi Arabia, president Hashem Rafsanjani of Iran and the Emir of Kuwait might just keep the agreement intact, according to Mr Mehdi Varzi, research director at Kleinfelder Benson Securities in London.

"The three heads of state are tied to the accord," he said yesterday. And that made the agreement "the best from a psychological point of view since the end of the Gulf war".

One Gulf Arab delegate in Geneva noted, however, that "you just need self-interest to make this work, not political will" as higher oil prices, and thus higher government revenues, is the key to preventing overproduction.

The Opec ministers began their deliberations last Saturday with the following goals:

- To convince sceptical markets that they could stop the damaging overproduction by members such as Iran and Nigeria that was further undermining already weak oil prices;
- To bring Kuwait back into the production quota mechanism so as to reinforce their control over Opec output;
- And to take the first steps towards the eventual re-inclusion of Iraq within the production ceiling once Baghdad reaches an agreement with the United Nations allowing it to resume oil exports.

The fact that average oil prices have risen by about \$1 a barrel in the past week suggests that the ministers have re-established some credibility in the markets, according to Mr Varzi. "The scope for cheating is far less because the agreement addresses some of the concerns."

The new ceiling, just under the estimated present Opec output level of 24.7m barrels a day but above the 23.5m b/d agreed in June, was justified on the grounds that demand traditionally increased in the fourth quarter with the onset of the northern hemisphere winter.

The higher output figure enabled Opec negotiators to offer Iran, probably the biggest recent over-producer, a quota of 3.6m b/d, compared with the previous one of 3.3m b/d. Analysts said the new figure was probably just under Iran's capacity.

Any sign of substantial cheating by an Opec producer could unravel the agreement, according to Mr Vahan Zanyan, senior director at Petro-

leum Finance Company in Washington.

The credibility of the accord was enhanced, however, by Saudi Arabia's decision to freeze its output at 8m b/d. That implied an erosion of its market share, a sensitive issue among Opec states.

"This agreement is about dollars and cents, not percentages," explained a Gulf Arab delegate.

The meeting also succeeded in bringing Kuwait back into the quota system at 2m b/d, compared with its original demand for 2.16m b/d. But Kuwait's insistence that the 2.16m b/d figure should be the base for calculating any future increase in Opec's production ceiling could eventually prove a weak spot in the agreement, according to Mr Mohammed Abdul Jabbar, an economist with the Petroleum Finance Company.

Another doubt concerns future demand levels. Opec believes its ceiling is close to fourth quarter demand for its oil and hopes that a commitment to contain production will have a positive effect on the grounds that demand countries, Mr Varzi agrees, that a tight market could develop in January and February, and predicts that prices for Brent crude could go as high as \$18 by the end of the year.

The big question mark, however, hangs over Iraq. "With [the return of] Iraq everything changes," Mr Chahumraza Aghazadeh, Iran's oil minister, said yesterday. He conceded that if Iraq stayed outside the agreement, it could just "sell and sell", although he predicted that the country's return was unlikely to take place this year.

## North Sea's 'Piccadilly Circus' opens new line

Norway's giant Zeepipe today carries its first consignment of natural gas, writes Robert Corzine

ZEPEPIE HAS none of the romantic resonance of the trans-Alaska or trans-Arabian pipelines. Yet the world's longest offshore gas pipeline, which snakes along the bed of the North Sea for 810km from the Sleipner A production platform, 148km off the Norwegian coast, to Zebrugge in Belgium, also bears witness to an epic struggle with remote energy reserves with industrial markets.

Today the pipeline carries the first shipment to be delivered to western Europe under the 1998 Troll gas sales agreement, the largest commercial contract in the history of the petroleum industry. By the time it is fulfilled in 2021 at least 1,000bn cubic metres of gas worth about \$100bn at current prices will have been sent to markets in Germany, France, Belgium, the Netherlands, Austria and Spain.

Norwegian offshore workers call the maze of natural gas pipelines that converge near the Sleipner platform the 'Piccadilly Circus' of the North Sea. A clear sense of relief can be detected among officials of Statoil, the Norwegian state oil company, which dominates the seven-company consortium, that the gas is even flowing through the complex inter-channels.

After all, it was only two years ago when the concrete sub-structure upon which the Sleipner platform was to be mounted sank during testing

in a fjord near Stavanger. When it hit bottom the shock waves registered at Norway's seismic centre. They also reverberated around Statoil's boardroom, where a decision was quickly made to try to adhere to the original schedule by building a replacement.

"We paid for two but got one" is how Mr Peter Melbye, head of Statoil's gas division, sums up the accident, the cost of which is still being disputed with the builders of the sunken substructure and with insurers.

Company officials concede that they had no choice but to try to meet the original deadline to reassure customers. Norwegian gas exports, which account for 10 per cent of the European Community market, face a growing commercial threat from Russia, which is keen to expand its 22 per cent share of the EC market by developing its massive reserves in Siberia and elsewhere.

Statoil officials were also aware that the sheer size of the Troll project had raised doubts about its viability. Critics pointed in particular to the Nkr120bn (£11bn) capital costs. Norway's reputation as a relatively high-cost producer and the technical challenge of working in the 300m water depths of the Troll field itself.

"It can't say it is one of the most profitable projects ever undertaken," says an executive from one of the consortium members, "but it certainly is

one of the largest."

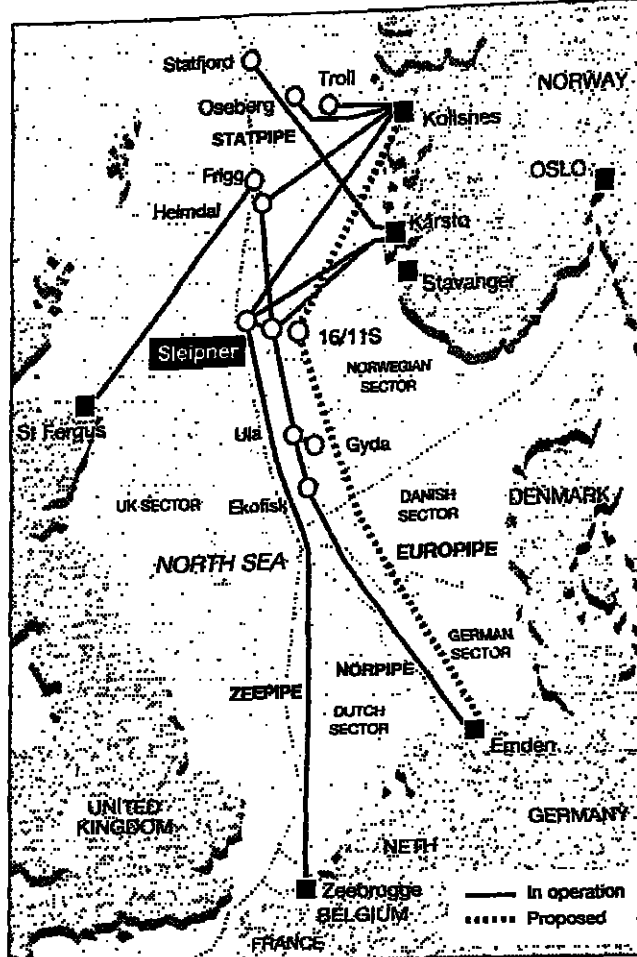
Statoil has also been plagued with problems in overcoming environmental resistance to landing another key pipeline - dubbed Europipe - in Emden, Germany. An existing line, Norpipe, terminates in Emden, which the company insists is the most convenient point to supply Ruhrigas, the biggest buyer under the Troll contracts.

Company officials admit that they were surprised by the scale of local protests over Europipe's potential impact on environmentally sensitive mud flats in the area. They believe it will eventually be approved, although alternatives to Emden are being studied.

Emden has already been eliminated as the terminus for a possible fourth pipeline, which the company says may be needed by the end of the decade.

The focus today, however, is on Zeepipe and the successful development of the Sleipner field, even though it represents only the first stage of the Troll project, which is due to reach its plateau of annual deliveries of 44.7bn cu m in 2005. In addition to Sleipner, gas will be taken from the Statfjord, Heimdal and Gullfaks fields.

Deliveries from Troll itself, western Europe's largest offshore field, containing 50 per cent of Norway's proven gas reserves, are due to start in



1996. And it is the development work on this part of the project that carries some of the biggest risks.

Norske Shell, which has an 82 per cent share in the overall Troll project, is developing the field, which it discovered in 1979. A 430m-high platform, capable of withstanding 30m waves and strong currents, is under construction near Stavanger.

It will rank as one of the largest man-made objects ever moved when it is towed out to sea next year.

Original plans to process the gas offshore were dropped, and the untreated gas will be piped to a processing plant 65km away at Kollsnes, near Bergen before being sent through the "Piccadilly Circus" of pipelines at Sleipner for onward transmission to customers.

Shell officials say test transmissions of untreated Troll gas have resulted in higher-than-expected corrosion of the pipes. But they insist that the problem can be controlled and that the project remains on course for the 1996 deadline.

## Raw sugar futures relaunched

By Deborah Hargreaves

THE London Commodity Exchange launches its revamped raw sugar futures contract today amid hopes that the new premium contract will succeed where its previous predecessor failed.

The exchange is taking advantage of widespread dissatisfaction with the contract traded at the Coffee, Sugar and Cocoa Exchange in New York. Traders were angered by a decision in July to allow Brazilian crystal sugar to be delivered against the raw sugar contract.

The LCE has deliberately excluded Brazilian crystal - which many traders doubt should be classed as raw sugar - and Cuban sugar from its

new contract. The contract will be denominated in cents a lb rather than dollars a tonne in order to make it more similar to the New York futures contract and thus to facilitate arbitrage between the two markets.

The exchange is also changing the delivery months to fit in more closely with the physical trade in raw sugar. Mr Robin Woodhead, chief executive of the LCE said: "We're very pleased with the levels of support we're seeing, particularly from the trade in the US and the Far East."

The new contract will be traded on-screen alongside the exchange's white sugar futures and Mr Woodhead said the decision to trade it on screen had resulted in two new

requests from traders to join the system.

The previous contract had also been traded on screen, but, in an effort to boost liquidity, the exchange moved it to open outcry trading. This failed to increase volume, however, and the contract was delisted earlier this year.

"There are still a lot of pessimistic people out there because they've seen some tough times in recent years trying to get London going," said Mr John Payne, sugar trader at Vitrol. But he added that he had seen a lot of demand for the new contract.

"There is a requirement for a safe and secure hedging vehicle which we believe New York is not providing right now," he said.

## Troll deal set to reshape Europe's gas industry

Karen Fossli on the record-breaking \$100bn sales agreement with European buyers

SUPERLATIVES describing Norway's \$100bn Troll gas sales agreement can flow effortlessly beyond considered limits. Most agree, however, that the deal represents a quantum leap into the future for the seller and European buyers and will alter forever and fundamentally the shape of Europe's gas industry.

After seven years of innovation, and sometimes frustration, development preparations, gas under the huge Troll contract poured its way from 6m to 10m tonnes through the Zeepipe to supply Europe with 10 per cent of its gas needs.

Under what is hailed as the largest commercial contract in the history of the petroleum industry, the gas is making its way to a consortium of European gas buyers, initially from the Norwegian North Sea Sleipner field. But from 1996

gas from the giant Troll itself, Europe's biggest offshore gas field, will flow over a period of more than 30 years to Austria, Belgium, France, Germany, the Netherlands and Spain.

Troll sales will expand Norway's market share for gas in Germany to 23 per cent by the year 2000 from 14 per cent now, while in France it will rise to 25 per cent from 17 per cent. In Belgium to 33 per cent from 24 per cent and in the Netherlands to 13 per cent from 7 per cent.

Spain and Austria are new buyers of Norway's gas, taking annual deliveries of 1.5bn and 1bn cubic metres a year respectively.

Deliveries under the Troll agreement are scheduled to reach a peak of 44.7bn cu m a year from 2005, but the deal is forecast to boost Norway's annual gas exports from 25bn

cu m - making the country the sixth largest gas exporter - to more than 60bn cu m in 2010. Negotiations already under way could eventually increase supplies to 70bn cu m a year as new domestic offshore gas fields come on stream.

"Towards the next century gas production will be of increasing importance, and it can be said that Norway will turn into a gas nation from being an oil nation," says Mr Finn Kristensen, oil and industry minister.

Norway is Europe's biggest oil producer with average daily output of about 2.5m barrels.

Until 1986 it sold its gas under "depletion" contracts covering the total reserves of a specific field. Frigg field gas has been supplied to Britain under this arrangement for the past 23 years and more than 110bn cu m will have been

provided by the time the field runs dry in 1997.

In sharp contrast, Troll gas buyers have signed supply contracts that specify gas deliveries over a set period.

One major issue is the designation of new fields to make up a production capacity shortfall of 10bn cu m of gas already sold under supply contracts - above and beyond the Troll deal. No decision has yet been made on which fields could close this gap as negotiations for further supply quantities move towards agreement.

Statoil, Norway's state oil company, believes future gas sales are unlikely to involve the huge volumes seen in the Troll agreements. "No other Norwegian [gas] field matches the size of the giant Troll reservoir, making typical future contracts of 1bn-1.5bn cu m annually over a period of 15 to

30 years most likely," it says. Nevertheless, the success of the Troll agreement has served to confound sceptics who for years said it would never come off because of the huge amount of capital required.

Gas and oil prices are closely linked. "When the Troll agreements were signed oil prices were around \$8 a barrel compared with a current \$15-\$16," Statoil points out. "In the interim, the Troll gas price has been renegotiated with German buyers and similar adjustments are under discussion with other customers."

There is an old industry maxim which runs: "In the gas industry you must be very careful to do a good deal. But you must be even more careful not to do too good a deal." That is a situation Troll's gas sellers are clearly seeking to avoid as they look for new business.

## WORLD COMMODITIES PRICES

## MARKET REPORT

The London Metal Exchange COPPER market was attempting yesterday afternoon to find a consolidation level after falling earlier to six-year lows. The three months delivery price touched bottom at \$1,665 a tonne before being steadied by a short-covering rally and some expected technical buying. But it was still showing a loss on the day of \$36 when it ended after hours trading at \$1,683.50 a tonne, \$39 down from the end of last week. Analysts said the end of the technical squeeze recently meant that the market could no longer ignore oversupply, which would take some time to

remedy, as few producers were prepared to cut output. The three months ZINC price leapt to a high of \$906 a tonne in the morning, encouraged by talk of possible output cuts in North America. But by the close no news had emerged and the price was back at \$886 a tonne, down 50 cents on the day. NICKEL sentiment remained poor and as latest Russian forecasts suggested this year's production decline would not be as large as originally thought prices slumped to fresh 6 1/2-year lows. COFFEE prices fell further before finding industry and trade support. Compiled from Reuters

## London Markets

**SPOT MARKETS**  
Crude oil (per barrel FOB New) +0.05  
Dated \$15.19-5.24 +0.46  
Brent Blend (dated) \$17.26-7.28 +0.49  
Brent Blend (Nov) \$17.47-5.00 +0.46  
W.T.I. (per barrel) \$18.97-5.00 +0.50

**Oil products**  
HWE prompt delivery per tonne CIF +0.05  
Premium Gasoline \$195-198 +2  
Gas Oil \$179-180 +2  
Heavy Fuel Oil \$91-93 +1  
Naphta \$157-159 +2

**Other**  
Gold (per troy oz) \$355.25 +0.05  
Silver (per troy oz) \$406.00 +0.10  
Platinum (per troy oz) \$359.25 -1.50  
Palladium (per troy oz) \$129.25 +0.50

**Copper (LSE Producer)** 85.50  
Lead (LSE Producer) 33.50  
Tin (LSE Producer) 11.15m  
Tin (New York) 205.00 +0.03  
Zinc (LSE Producer) 62.00

**Cattle live weight** 121.91p +0.87  
Sheep (live weight) 80.31p -1.10p  
Pigs (live weight) 64.40p -1.36p

**London daily sugar (raw)** \$253.20 -0.80  
London daily sugar (white) \$267.00 +3.00  
Tate and Lyle export price \$278.00 -1.00

**Barley (English live)** 104.00  
Maize (US No 3 yellow) \$120.00  
Wheat (US No 2 hard) \$168.50

**Rubber (RSS No 1)** 58.00p  
Rubber (RSS No 2) 58.00p  
Rubber (RSS No 3) 58.00p

**Coconut oil (Philippines)** \$415.00  
Cocoa (Philippines) \$335.00  
Soyabean (US) \$190.00  
Cotton "A" index 56.50p +0.05  
Wooltops (US Super) 32.50p

**FRUIT AND VEGETABLES**  
English and French apples are this week's best buy, reports FRAB. English Cox's Orange Pippins are 30-55p a lb (25-55p) and French Royal Gala are 35-55p a lb (30-55p). Another good buy is Italian black seeded grapes at 45p-52.00 a lb (40-50p). English Bramley's are the best vegetable buy at 20-25p a lb (20-40p). English and Dutch leeks are 40-45p a lb (40-60p). Corn-on-the-cob is in peak season, available at 15-30p a cob (20-35p). There is a tremendous variety of tomatoes available, making them the best salad buy. English and Dutch are 45-55p a lb (40-50p), while Spanish and Canary Island ones are 50-55p (50-60p).

## COCOA - LSE

	Close	Previous	High/Low
Sep	908	885	895 904
Oct	916	922	922 903
Nov	936	945	947 936
Dec	946	950	952 933
Jan	951	954	956 939
Feb	953	959	959 948
Mar	958	961	963 948
Apr	960	960	960 948
May	961	964	966 950

Turnover: 8865 (17043 lots of 10 tonnes)  
1000 indicator prices (5000 lots of 10 tonnes). Daily price for Sep 29 \$12.57 (\$11.82) 10 day average for Sep 30 \$17.01 (\$14.27)

## COFFEE - LSE

	Close	Previous	High/Low
Sep	1208	1220	1240 1193
Nov	1176	1190	1196 1164
Jan	1182	1190	1196 1166
Mar	1179	1190	1190 1165
May	1179	1186	1180 1170
Sep	1170	1186	1180 1178

Turnover: 5740 (8202 lots of 5 tonnes)  
1000 indicator prices (US cents per pound) for Sep 29 20 Comp. daily 65.48 (70.44) 15 day average 72.33 (72.52)

## POTATOES - LSE

	Close	Previous	High/Low
Apr	82.9	88.3	90.0 88.5
May	105.0	103.5	102.5
Sep	1170	1186	1180 1170

Turnover: 133 (181 lots of 20 tonnes)

## FRESH - LSE

	Close	Previous	High/Low
Oct	1450	1440	1452 1445
Nov	1450	1441	1450 1440
Jan	1455	1441	1450 1440
Apr	1455	1445	1450 1455
Oct	1450	1450	1450
Nov	1450	1450	1450

Turnover: 154 (244 lots)

## GRAINS - LSE

	Close	Previous	High/Low
Nov	101.85	102.10	101.70 101.40
Jan	102.90	103.15	102.90 102.55
Mar	104.85	105.15	104.90 104.65
May	108.90	107.20	106.95 106.55

Turnover: 154 (244 lots)

## Barley

	Close	Previous	High/Low
Nov	102.45	102.50	102.45 102.10
Jan	104.60	104.75	104.65
Mar	104.60	105.55	105.35 105.00

Turnover: 154 (244 lots)

## LONDON METAL EXCHANGE

	Close	Previous	High/Low
Aluminium, 99.7% purity (5 per tonne)	1093.5-7	1093.4	1093.4
Cash	1116.5-7.5	1114.4-5	1118/1111
3 months	1116.5-7.5	1114.4-5	1118/1111
Copper, Grade A (5 per tonne)	1863.5-4.5	1869.700	1867.8
Cash	1863.5-4.5	1869.700	1867.8
3 months	1863.5-4.5	1869.700	1867.8
Lead (5 per tonne)	328.5-5	328.5-5	328.5-5
Cash	328.5-5	328.5-5	328.5-5
3 months	328.5-5	328.5-5	328.5-5
Nickel (5 per tonne)	4041-2	4110-20	4010-2
Cash	4041-2	4110-20	4010-2
3 months	4041-2	4110-20	4010-2
Tin (5 per tonne)	4440-5	4450-20	4415-25
Cash	4440-5	4450-20	4415-25
3 months	4440-5	4450-20	4415-25
Zinc, Special High Grade (5 per tonne)	871.5-2.5	865.5-7.5	862-3
Cash	871.5-2.5	865.5-7.5	862-3
3 months	871.5-2.5	865.5-7.5	862-3
Lead (5 per tonne)	328.5-5	328.5-5	328.5-5
Cash	328.5-5	328.5-5	328.5-5
3 months	328.5-5	328.5-5	328.5-5
SPOT: 1.4955	3 months: 1.4871	6 months: 1.4804	9 months: 1.4733

LINE AM Official 25 spot rate 1.3095

## LONDON BULLION MARKET

(Prices supplied by N M Rothschild)  
Gold (per oz) \$ price £ equivalent  
Silver (per 100 troy oz) \$ price £ equivalent

**NEW YORK**  
Gold 100 troy oz: \$190.00  
Silver 100 troy oz: \$190.00

**COLOSIA** 100 troy oz: \$190.00  
Silver 100 troy oz: \$190.00

**PLATINUM** 100 troy oz: \$190.00  
Silver 100 troy oz: \$190.00

**COLOSIA** 100 troy oz: \$190.00  
Silver 100 troy oz: \$190.00

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## LONDON SHARE SERVICE

## AMERICANS

Company	Price	Change	1993	1992	1991	1990	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979	1978	1977	1976	1975	1974	1973	1972	1971	1970	1969	1968	1967	1966	1965	1964	1963	1962	1961	1960	1959	1958	1957	1956	1955	1954	1953	1952	1951	1950	1949	1948	1947	1946	1945	1944	1943	1942	1941	1940	1939	1938	1937	1936	1935	1934	1933	1932	1931	1930	1929	1928	1927	1926	1925	1924	1923	1922	1921	1920	1919	1918	1917	1916	1915	1914	1913	1912	1911	1910	1909	1908	1907	1906	1905	1904	1903	1902	1901	1900	1899	1898	1897	1896	1895	1894	1893	1892	1891	1890	1889	1888	1887	1886	1885	1884	1883	1882	1881	1880	1879	1878	1877	1876	1875	1874	1873	1872	1871	1870	1869	1868	1867	1866	1865	1864	1863	1862	1861	1860	1859	1858	1857	1856	1855	1854	1853	1852	1851	1850	1849	1848	1847	1846	1845	1844	1843	1842	1841	1840	1839	1838	1837	1836	1835	1834	1833	1832	1831	1830	1829	1828	1827	1826	1825	1824	1823	1822	1821	1820	1819	1818	1817	1816	1815	1814	1813	1812	1811	1810	1809	1808	1807	1806	1805	1804	1803	1802	1801	1800	1799	1798	1797	1796	1795	1794	1793	1792	1791	1790	1789	1788	1787	1786	1785	1784	1783	1782	1781	1780	1779	1778	1777	1776	1775	1774	1773	1772	1771	1770	1769	1768	1767	1766	1765	1764	1763	1762	1761	1760	1759	1758	1757	1756	1755	1754	1753	1752	1751	1750	1749	1748	1747	1746	1745	1744	1743	1742	1741	1740	1739	1738	1737	1736	1735	1734	1733	1732	1731	1730	1729	1728	1727	1726	1725	1724	1723	1722	1721	1720	1719	1718	1717	1716	1715	1714	1713	1712	1711	1710	1709	1708	1707	1706	1705	1704	1703	1702	1701	1700	1699	1698	1697	1696	1695	1694	1693	1692	1691	1690	1689	1688	1687	1686	1685	1684	1683	1682	1681	1680	1679	1678	1677	1676	1675	1674	1673	1672	1671	1670	1669	1668	1667	1666	1665	1664	1663	1662	1661	1660	1659	1658	1657	1656	1655	1654	1653	1652	1651	1650	1649	1648	1647	1646	1645	1644	1643	1642	1641	1640	1639	1638	1637	1636	1635	1634	1633	1632	1631	1630	1629	1628	1627	1626	1625	1624	1623	1622	1621	1620	1619	1618	1617	1616	1615	1614	1613	1612	1611	1610	1609	1608	1607	1606	1605	1604	1603	1602	1601	1600	1599	1598	1597	1596	1595	1594	1593	1592	1591	1590	1589	1588	1587	1586	1585	1584	1583	1582	1581	1580	1579	1578	1577	1576	1575	1574	1573	1572	1571	1570	1569	1568	1567	1566	1565	1564	1563	1562	1561	1560	1559	1558	1557	1556	1555	1554	1553	1552	1551	1550	1549	1548	1547	1546	1545	1544	1543	1542	1541	1540	1539	1538	1537	1536	1535	1534	1533	1532	1531	1530	1529	1528	1527	1526	1525	1524	1523	1522	1521	1520	1519	1518	1517	1516	1515	1514	1513	1512	1511	1510	1509	1508	1507	1506	1505	1504	1503	1502	1501	1500	1499	1498	1497	1496	1495	1494	1493	1492	1491	1490	1489	1488	1487	1486	1485	1484	1483	1482	1481	1480	1479	1478	1477	1476	1475	1474	1473	1472	1471	1470	1469	1468	1467	1466	1465	1464	1463	1462	1461	1460	1459	1458	1457	1456	1455	1454	1453	1452	1451	1450	1449	1448	1447	1446	1445	1444	1443	1442	1441	1440	1439	1438	1437	1436	1435	1434	1433	1432	1431	1430	1429	1428	1427	1426	1425	1424	1423	1422	1421	1420	1419	1418	1417	1416	1415	1414	1413	1412	1411	1410	1409	1408	1407	1406	1405	1404	1403	1402	1401	1400	1399	1398	1397	1396	1395	1394	1393	1392	1391	1390	1389	1388	1387	1386	1385	1384	1383	1382	1381	1380	1379	1378	1377	1376	1375	1374	1373	1372	1371	1370	1369	1368	1367	1366	1365	1364	1363	1362	1361	1360	1359	1358	1357	1356	1355	1354	1353	1352	1351	1350	1349	1348	1347	1346	1345	1344	1343	1342	1341	1340	1339	1338	1337	1336	1335	1334	1333	1332	1331	1330	1329	1328	1327	1326	1325	1324	1323	1322	1321	1320	1319	1318	1317	1316	1315	1314	1313	1312	1311	1310	1309	1308	1307	1306	1305	1304	1303	1302	1301	1300	1299	1298	1297	1296	1295	1294	1293	1292	1291	1290	1289	1288	1287	1286	1285	1284	1283	1282	1281	1280	1279	1278	1277	1276	1275	1274	1273	1272	1271	1270	1269	1268	1267	1266	1265	1264	1263	1262	1261	1260	1259	1258	1257	1256	1255	1254	1253	1252	1251	1250	1249	1248	1247	1246	1245	1244	1243	1242	1241	1240	1239	1238	1237	1236	1235	1234	1233	1232	1231	1230	1229	1228	1227	1226	1225	1224	1223	1222	1221	1220	1219	1218	1217	1216	1215	1214	1213	1212	1211	1210	1209	1208	1207	1206	1205	1204	1203	1202	1201	1200	1199	1198	1197	1196	1195	1194	1193	1192	1191	1190	1189	1188	1187	1186	1185	1184	1183	1182	1181	1180	1179	1178	1177	1176	1175	1174	1173	1172	1171	1170	1169	1168	1167	1166	1165	1164	1163	1162	1161	1160	1159	1158	1157	1156	1155	1154	1153	1152	1151	1150	1149	1148	1147	1146	1145	1144	1143	1142	1141	1140	1139	1138	1137	1136	1135	1134	1133	1132	1131	1130	1129	1128	1127	1126	1125	1124	1123	1122	1121	1120	1119	1118	1117	1116	1115	1114	1113	1112	1111	1110	1109	1108	1107	1106	1105	1104	1103	1102	1101	1100	1099	1098	1097	1096	1095	1094	1093	1092	1091	1090	1089	1088	1087	1086	1085	1084	1083	1082	1081	1080	1079	1078	1077	1076	1075	1074	1073	1072	1071	1070	1069	1068	1067	1066	1065	1064	1063	1062	1061	1060	1059	1058	1057	1056	1055	1054	1053	1052	1051	1050	1049	1048	1047	1046	1045	1044	1043	1042	1041	1040	1039	1038	1037	1036	1035	1034	1033	1032	1031	1030	1029	1028	1027	1026	1025	1024	1023	1022	1021	1020	1019	1018	1017	1016	1015	1014	1013	1012	1011	1010	1009	1008	1007	1006	1005	1004	1003	1002	1001	1000	999	998	997	996	995	994	993	992	991	990	989	988	987	986	985	984	983	982	981	980	979	978	977	976	975	974	973	972	971	970	969	968	967	966	965	964	963	962	961	960	959	958	957	956	955	954	953	952	951	950	949	948	947	946	945	944	943	942	941	940	939	938	937	936	935	934	933	932	931	930	929	928	927	926	925	924	923	922	921	920	919	918	917	916	915	914	913	912	911	910	909	908	907	906	905	904	903	902	901	900	899	898	897	896	895	894	893	892	891	890	889	888	887	886	885	884	883	882	881	880	879	878	877	876	875	874	873	872	871	870	869	868	867	866	865	864	863	862	861	860	859	858	857	856	855	854	853	852	851	850	849	848	847	846	845	844	843	842	841	840	839	838	837	836	835	834	833	832	831	830	829	828	827	826	825	824	823	822	821	820	819	818	817	816	815	814	813	812	811	810	809	808	807	806	805	804	803	802	801	800	799	798	797	796	795	794	793	792	791	790	789	788	787	786	785	784	783	782	781	780	779	778	777	776	775	774	773	772	771	770	769	768	767	766	765	764	763	762	761	760	759	758	757	756	755	754	753	752	751	750	749	748	747	746	745	744	743	742	741	740	739	738	737	736	735	734	733	732	731	730	729	728	727	726	725	724	723	722	721	720	719	718	717	716	715	714	713	712	711	710	709	708	707	706	705	704	703	702	701	700	699	698	697	696	695	694	693	692	691	690	689	688	687	686	685	684	683	682	681	680	679	678	677	676	675	674	673	672	671	670	669	668	667	666	665	664	663	662	661	660	659	658	657	656	655	654	653	652	651	650	649	648	647	646	645	644	643	642	641	640	639	638	637	636	635	634	633	632	631	630	629	628	627	626	625	624	623	622	621	620	619	618	617	616	615	614	613	612	611	610	609	608	607	606	605	604	603	602	601	600	599	598	597	596	595	59
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[illegible][illegible]

0.1	0.2	0.3	0.4	0.5	0.6	0.7	0.8	0.9	1.0	1.1	1.2	1.3	1.4	1.5	1.6	1.7	1.8	1.9	2.0	2.1	2.2	2.3	2.4	2.5	2.6	2.7	2.8	2.9	3.0	3.1	3.2	3.3	3.4	3.5	3.6	3.7	3.8	3.9	4.0	4.1	4.2	4.3	4.4	4.5	4.6	4.7	4.8	4.9	5.0	5.1	5.2	5.3	5.4	5.5	5.6	5.7	5.8	5.9	6.0	6.1	6.2	6.3	6.4	6.5	6.6	6.7	6.8	6.9	7.0	7.1	7.2	7.3	7.4	7.5	7.6	7.7	7.8	7.9	8.0	8.1	8.2	8.3	8.4	8.5	8.6	8.7	8.8	8.9	9.0	9.1	9.2	9.3	9.4	9.5	9.6	9.7	9.8	9.9	10.0	
0.00	0.01	0.02	0.03	0.04	0.05	0.06	0.07	0.08	0.09	0.10	0.11	0.12	0.13	0.14	0.15	0.16	0.17	0.18	0.19	0.20	0.21	0.22	0.23	0.24	0.25	0.26	0.27	0.28	0.29	0.30	0.31	0.32	0.33	0.34	0.35	0.36	0.37	0.38	0.39	0.40	0.41	0.42	0.43	0.44	0.45	0.46	0.47	0.48	0.49	0.50	0.51	0.52	0.53	0.54	0.55	0.56	0.57	0.58	0.59	0.60	0.61	0.62	0.63	0.64	0.65	0.66	0.67	0.68	0.69	0.70	0.71	0.72	0.73	0.74	0.75	0.76	0.77	0.78	0.79	0.80	0.81	0.82	0.83	0.84	0.85	0.86	0.87	0.88	0.89	0.90	0.91	0.92	0.93	0.94	0.95	0.96	0.97	0.98	0.99	1.00
0.00	0.01	0.02	0.03	0.04	0.05	0.06	0.07	0.08	0.09	0.10	0.11	0.12	0.13	0.14	0.15	0.16	0.17	0.18	0.19	0.20	0.21	0.22	0.23	0.24	0.25	0.26	0.27	0.28	0.29	0.30	0.31	0.32	0.33	0.34	0.35	0.36	0.37	0.38	0.39	0.40	0.41	0.42	0.43	0.44	0.45	0.46	0.47	0.48	0.49	0.50	0.51	0.52	0.53	0.54	0.55	0.56	0.57	0.58	0.59	0.60	0.61	0.62	0.63	0.64	0.65	0.66	0.67	0.68	0.69	0.70	0.71	0.72	0.73	0.74	0.75	0.76	0.77	0.78	0.79	0.80	0.81	0.82	0.83	0.84	0.85	0.86	0.87	0.88	0.89	0.90	0.91	0.92	0.93	0.94	0.95	0.96	0.97	0.98	0.99	1.00
0.00	0.01	0.02	0.03	0.04	0.05	0.06	0.07	0.08	0.09	0.10	0.11	0.12	0.13	0.14	0.15	0.16	0.17	0.18	0.19	0.20	0.21	0.22	0.23	0.24	0.25	0.26	0.27	0.28	0.29	0.30	0.31	0.32	0.33	0.34	0.35	0.36	0.37	0.38	0.39	0.40	0.41	0.42	0.43	0.44	0.45	0.46	0.47	0.48	0.49	0.50	0.51	0.52	0.53	0.54	0.55	0.56	0.57	0.58	0.59	0.60	0.61	0.62	0.63	0.64	0.65	0.66	0.67	0.68	0.69	0.70	0.71	0.72	0.73	0.74	0.75	0.76	0.77	0.78	0.79	0.80	0.81	0.82	0.83	0.84	0.85	0.86	0.87	0.88	0.89	0.90	0.91	0.92	0.93	0.94	0.95	0.96	0.97	0.98	0.99	1.00
0.00	0.01	0.02	0.03	0.04	0.05	0.06	0.07	0.08	0.09	0.10	0.11	0.12	0.13	0.14	0.15	0.16	0.17	0.18	0.19	0.20	0.21	0.22	0.23	0.24	0.25	0.26	0.27	0.28	0.29	0.30	0.31	0.32	0.33	0.34	0.35	0.36	0.37	0.38	0.39	0.40	0.41	0.42	0.43	0.44	0.45	0.46	0.47	0.48	0.49	0.50	0.51	0.52	0.53	0.54	0.55	0.56	0.57	0.58	0.59	0.60	0.61	0.62	0.63	0.64	0.65	0.66	0.67	0.68	0.69	0.70	0.71	0.72	0.73	0.74	0.75	0.76	0.77	0.78	0.79	0.80	0.81	0.82	0.83	0.84	0.85	0.86	0.87	0.88	0.89	0.90	0.91	0.92	0.93	0.94	0.95	0.96	0.97	0.98	0.99	1.00
0.00	0.01	0.02	0.03	0.04	0.05	0.06	0.07	0.08	0.09	0.10	0.11	0.12	0.13	0.14	0.15	0.16	0.17	0.18	0.19	0.20	0.21	0.22	0.23	0.24	0.25	0.26	0.27	0.28	0.29	0.30	0.31	0.32	0.33	0.34	0.35	0.36	0.37	0.38	0.39	0.40	0.41	0.42	0.43	0.44	0.45	0.46	0.47	0.48	0.49	0.50	0.51	0.52	0.53	0.54	0.55	0.56	0.57	0.58	0.59	0.60	0.61	0.62	0.63	0.64	0.65	0.66	0.67	0.68	0.69	0.70	0.71	0.72	0.73	0.74	0.75	0.76	0.77	0.78	0.79	0.80	0.81	0.82	0.83	0.84	0.85	0.86	0.87	0.88	0.89	0.90	0.91	0.92	0.93	0.94	0.95	0.96	0.97	0.98	0.99	1.00
0.00	0.01	0.02	0.03	0.04	0.05	0.06	0.07	0.08	0.09	0.10	0.11	0.12	0.13	0.14	0.15	0.16	0.17	0.18	0.19	0.20	0.21	0.22	0.23	0.24	0.25	0.26	0.27	0.28	0.29	0.30	0.31	0.32	0.33	0.34	0.35	0.36	0.37	0.38	0.39	0.40	0.41	0.42	0.43	0.44	0.45	0.46	0.47	0.48	0.49	0.50	0.51	0.52	0.53	0.54	0.55	0.56	0.57	0.58	0.59	0.60	0.61	0.62	0.63	0.64	0.65	0.66	0.67	0.68	0.69	0.70	0.71	0.72	0.73	0.74	0.75	0.76	0.77	0.78	0.79	0.80	0.81	0.82	0.83	0.84	0.85	0.86	0.87	0.88	0.89	0.90	0.91	0.92	0.93	0.94	0.95	0.96	0.97	0.98	0.99	1.00
0.00	0.01	0.02	0.03	0.04	0.05	0.06	0.07	0.08	0.09	0.10	0.11	0.12	0.13	0.14	0.15	0.16	0.17	0.18	0.19	0.20	0.21	0.22	0.23	0.24	0.25	0.26	0.27	0.28	0.29	0.30	0.31	0.32	0.33	0.34	0.35	0.36	0.37	0.38	0.39	0.40	0.41	0.42	0.43	0.44	0.45	0.46	0.47	0.48	0.49	0.50	0.51	0.52	0.53	0.54	0.55	0.56	0.57	0.58	0.59	0.60	0.61	0.62	0.63	0.64	0.65	0.66	0.67	0.68	0.69	0.70	0.71	0.72	0.73	0.74	0.75	0.76	0.77	0.78	0.79	0.80	0.81	0.82	0.83	0.84	0.85	0.86	0.87	0.88	0.89	0.90	0.91	0.92	0.93	0.94	0.95	0.96	0.97	0.98	0.99	1.00
0.00	0.01	0.02	0.03	0.04	0.05	0.06	0.07	0.08	0.09	0.10	0.11	0.12	0.13	0.14	0.15	0.16	0.17	0.18	0.19	0.20	0.21	0.22	0.23	0.24	0.25	0.26	0.27	0.28	0.29	0.30	0.31	0.32	0.33	0.34	0.35	0.36	0.37	0.38	0.39	0.40	0.41	0.42	0.43	0.44	0.45	0.46	0.47	0.48	0.49	0.50	0.51	0.52	0.53	0.54	0.55	0.56	0.57	0.58	0.59	0.60	0.61	0.62	0.63	0.64	0.65	0.66	0.67	0.68	0.69	0.70	0.71	0.72	0.73	0.74	0.75	0.76	0.77	0.78	0.79	0.80	0.81	0.82	0.83	0.84	0.85	0.86	0.87	0.88	0.89	0.90	0.91	0.92	0.93	0.94	0.95	0.96	0.97	0.98	0.99	1.00
0.00	0.01	0.02	0.03	0.04	0.05	0.06	0.07	0.08	0.09	0.10	0.11	0.12	0.13	0.14	0.15	0.16	0.17	0.18	0.19	0.20	0.21	0.22	0.23	0.24	0.25	0.26	0.27	0.28	0.29	0.30	0.31	0.32	0.33	0.34	0.35	0.36	0.37	0.38	0.39	0.40	0.41	0.42	0.43	0.44	0.45	0.46	0.47	0.48	0.49	0.50	0.51	0.52	0.53	0.54	0.55	0.56	0.57	0.58	0.59	0.60	0.61	0.62	0.63	0.64	0.65	0.66	0.67	0.68	0.69	0.70	0.71	0.72	0.73	0.74	0.75	0.76	0.77	0.78	0.79	0.80	0.81	0.82	0.83	0.84	0.85	0.86	0.87	0.88	0.89	0.90	0.91	0.92	0.93	0.94	0.95	0.96	0.97	0.98	0.99	1.00
0.00	0.01	0.02	0.03	0.04	0.05	0.06	0.07	0.08	0.09	0.10	0.11	0.12	0.13	0.14	0.15	0.16	0.17	0.18	0.19	0.20	0.21	0.22	0.23	0.24	0.25	0.26	0.27	0.28	0.29	0.30	0.31	0.32	0.33	0.34	0.35	0.36	0.37	0.38	0.39	0.40	0.41	0.42	0.43	0.44	0.45	0.46	0.47	0.48	0.49	0.50	0.51	0.52	0.53	0.54	0.55	0.56	0.57	0.58	0.59	0.60	0.61	0.62	0.63	0.64	0.65	0.66	0.67	0.68	0.69	0.70	0.71	0.72	0.73	0.74	0.75	0.76	0.77	0.78	0.79	0.80	0.81	0.82	0.83	0.84	0.85	0.86	0.87	0.88	0.89	0.90	0.91	0.92	0.93	0.94	0.95	0.96	0.97	0.98	0.99	1.00
0.00	0.01	0.02	0.03	0.04	0.05	0.06	0.07	0.08	0.09	0.10	0.11	0.12	0.13	0.14	0.15	0.16	0.17	0.18	0.19	0.20	0.21	0.22	0.23	0.24	0.25	0.26	0.27	0.28	0.29	0.30	0.31	0.32	0.33	0.34	0.35	0.36	0.37	0.38	0.39	0.40	0.41	0.42	0.43	0.44	0.45	0.46	0.47	0.48	0.49	0.50	0.51	0.52	0.53	0.54	0.55	0.56	0.57	0.58	0.59	0.60	0.61	0.62	0.63	0.64	0.65	0.66	0.67	0.68	0.69	0.70	0.71	0.72	0.73	0.74	0.75	0.76	0.77	0.78	0.79	0.80	0.81	0.82	0.83	0.84	0.85	0.86	0.87	0.88	0.89	0.90	0.91	0.92	0.93	0.94	0.95	0.96	0.97	0.98	0.99	1.00
0.00	0.01	0.02	0.03	0.04	0.05	0.06	0.07	0.08	0.09	0.10	0.11	0.12	0.13	0.14	0.15	0.16	0.17	0.18	0.19	0.20	0.21	0.22	0.23	0.24	0.25	0.26	0.27	0.28	0.29	0.30	0.31	0.32	0.33	0.34	0.35	0.36	0.37	0.38	0.39	0.40	0.41	0.42	0.43	0.44	0.45	0.46	0.47	0.48	0.49	0.50	0.51	0.52	0.53	0.54	0.55	0.56	0.57	0.58	0.59	0.60	0.61	0.62	0.63	0.64	0.65	0.66	0.67	0.68	0.69	0.70	0.71	0.72	0.73	0.74	0.75	0.76	0.77	0.78	0.79	0.80	0.81	0.82	0.83	0.84	0.85	0.86	0.87	0.88	0.89	0.90	0.91	0.92	0.93	0.94	0.95	0.96	0.97	0.98	0.99	1.00
0.00	0.01	0.02	0.03	0.04	0.05	0.06	0.07	0.08	0.09	0.10	0.11	0.12	0.13	0.14	0.15	0.16	0.17	0.18	0.19	0.20	0.21	0.22	0.23	0.24	0.25	0.26	0.27	0.28	0.29	0.30	0.31	0.32	0.33	0.34	0.35	0.36	0.37	0.38	0.39	0.40	0.41	0.42	0.43	0.44	0.45	0.46	0.47	0.48	0.49	0.50	0.51	0.52	0.53	0.54	0.55	0.56	0.57	0.58	0.59	0.60	0.61	0.62	0.63	0.64	0.65	0.66	0.67	0.68</																																



Brown Shipley Unit Managers (100000)									
Asset	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Liability	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Net Asset	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Income	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Capital Gain	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Dividend	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Yield	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Volatility	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Correlation	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Sharpe Ratio	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Sortino Ratio	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Max Drawdown	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Information Ratio	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Tracking Error	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Alpha	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Beta	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
R-squared	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Standard Error	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Adjusted R-squared	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
F-statistic	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
P-value	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Significance Level	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Confidence Interval	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Regression Line	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Residuals	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
ANOVA	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Chi-Square	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
F-test	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
T-test	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Correlation Coefficient	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Covariance	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Standard Deviation	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Mean	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Median	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Mode	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Range	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

America	5%	102.08	102.54	-0.04	5-8 W Europe	122.1	122.2	126.3	+0.1	0.70	
Japan	5%	84.06	84.04	84.25	-0.02	5-8 W for Eastern	162.5	164.2	173.7	+2.3	6.00
Europe	5%	85.51	87.07	87.08	-0.01	5-8 W Growth	135.0	135.5	140.4	-0.1	1.28
BR	5%	95.05	95.08	95.08	-0.03	5-8 W Western	122.5	124.7	131.9	-0.1	4.56
Develop	5%	78.05	78.00	82.10	-0.05	5-8 W Midrange	131.4	131.4	140.3	-0.1	1.37
World	5%	92.85	93.11	93.11	-0.02	5-8 W Global S&S	337.8	344.4	367.3	-0.5	3.50



**FT MANAGED FUNDS SERVICE**

Financial data header with columns for various metrics and company names.

Sovereign Unit Trust Managers Ltd (10000)									
Unit Name	Price	Change	YTD %	12M %	3M %	6M %	9M %	12M %	YTD %
Global Growth	10.25	+0.10	+12.5	+15.2	+4.5	+6.8	+8.1	+9.5	+12.5
Global Income	8.75	+0.05	+8.2	+9.8	+2.8	+4.1	+5.5	+6.9	+8.2
Global Bond	7.50	+0.02	+5.1	+6.5	+1.5	+2.8	+3.9	+5.0	+5.1
Global Equity	12.10	+0.15	+18.3	+21.5	+5.2	+7.5	+8.8	+10.2	+18.3
Global Real Estate	9.80	+0.08	+10.5	+12.1	+3.2	+4.8	+6.1	+7.5	+10.5
Global Commodities	11.50	+0.12	+14.2	+16.8	+4.8	+7.1	+8.4	+9.8	+14.2
Global Hedge	10.50	+0.10	+11.8	+13.5	+3.5	+5.2	+6.5	+7.9	+11.8
Global Alternative	11.00	+0.11	+13.5	+15.2	+4.2	+6.5	+7.8	+9.2	+13.5
Global Multi-Asset	10.00	+0.09	+10.2	+11.8	+3.0	+4.5	+5.8	+7.2	+10.2
Global Sustainable	10.80	+0.08	+11.5	+13.2	+3.2	+4.8	+6.1	+7.5	+11.5
Global Impact	10.30	+0.07	+10.8	+12.5	+3.1	+4.6	+5.9	+7.3	+10.8
Global ESG	10.60	+0.09	+11.2	+12.9	+3.3	+4.9	+6.2	+7.6	+11.2
Global Climate	10.40	+0.08	+11.0	+12.7	+3.1	+4.7	+6.0	+7.4	+11.0
Global Water	10.70	+0.09	+11.4	+13.1	+3.4	+5.0	+6.3	+7.7	+11.4
Global Energy	10.90	+0.10	+11.7	+13.4	+3.6	+5.2	+6.5	+7.9	+11.7
Global Tech	11.20	+0.11	+12.0	+13.7	+3.7	+5.3	+6.6	+8.0	+12.0
Global AI	11.40	+0.12	+12.2	+13.9	+3.8	+5.4	+6.7	+8.1	+12.2
Global Robotics	11.60	+0.13	+12.4	+14.1	+3.9	+5.5	+6.8	+8.2	+12.4
Global Space	11.80	+0.14	+12.6	+14.3	+4.0	+5.6	+6.9	+8.3	+12.6
Global Bio	12.00	+0.15	+12.8	+14.5	+4.1	+5.7	+7.0	+8.4	+12.8
Global Pharma	12.20	+0.16	+13.0	+14.7	+4.2	+5.8	+7.1	+8.5	+13.0
Global Med	12.40	+0.17	+13.2	+14.9	+4.3	+5.9	+7.2	+8.6	+13.2
Global Health	12.60	+0.18	+13.4	+15.1	+4.4	+6.0	+7.3	+8.7	+13.4
Global Wellness	12.80	+0.19	+13.6	+15.3	+4.5	+6.1	+7.4	+8.8	+13.6
Global Longevity	13.00	+0.20	+13.8	+15.5	+4.6	+6.2	+7.5	+8.9	+13.8
Global Retirement	13.20	+0.21	+14.0	+15.7	+4.7	+6.3	+7.6	+9.0	+14.0
Global Pension	13.40	+0.22	+14.2	+15.9	+4.8	+6.4	+7.7	+9.1	+14.2
Global Annuity	13.60	+0.23	+14.4	+16.1	+4.9	+6.5	+7.8	+9.2	+14.4
Global Life	13.80	+0.24	+14.6	+16.3	+5.0	+6.6	+7.9	+9.3	+14.6
Global Death	14.00	+0.25	+14.8	+16.5	+5.1	+6.7	+8.0	+9.4	+14.8
Global Estate	14.20	+0.26	+15.0	+16.7	+5.2	+6.8	+8.1	+9.5	+15.0
Global Wealth	14.40	+0.27	+15.2	+16.9	+5.3	+6.9	+8.2	+9.6	+15.2
Global Success	14.60	+0.28	+15.4	+17.1	+5.4	+7.0	+8.3	+9.7	+15.4
Global Prosperity	14.80	+0.29	+15.6	+17.3	+5.5	+7.1	+8.4	+9.8	+15.6
Global Fortune	15.00	+0.30	+15.8	+17.5	+5.6	+7.2	+8.5	+9.9	+15.8
Global Royalty	15.20	+0.31	+16.0	+17.7	+5.7	+7.3	+8.6	+10.0	+16.0
Global Nobility	15.40	+0.32	+16.2	+17.9	+5.8	+7.4	+8.7	+10.1	+16.2
Global Aristocracy	15.60	+0.33	+16.4	+18.1	+5.9	+7.5	+8.8	+10.2	+16.4
Global Monarchy	15.80	+0.34	+16.6	+18.3	+6.0	+7.6	+8.9	+10.3	+16.6
Global Empire	16.00	+0.35	+16.8	+18.5	+6.1	+7.7	+9.0	+10.4	+16.8
Global Kingdom	16.20	+0.36	+17.0	+18.7	+6.2	+7.8	+9.1	+10.5	+17.0
Global Dominion	16.40	+0.37	+17.2	+18.9	+6.3	+7.9	+9.2	+10.6	+17.2
Global Hegemony	16.60	+0.38	+17.4	+19.1	+6.4	+8.0	+9.3	+10.7	+17.4
Global Tyranny	16.80	+0.39	+17.6	+19.3	+6.5	+8.1	+9.4	+10.8	+17.6
Global Despotism	17.00	+0.40	+17.8	+19.5	+6.6	+8.2	+9.5	+10.9	+17.8
Global Oppression	17.20	+0.41	+18.0	+19.7	+6.7	+8.3	+9.6	+11.0	+18.0
Global Atrocity	17.40	+0.42	+18.2	+19.9	+6.8	+8.4	+9.7	+11.1	+18.2
Global Genocide	17.60	+0.43	+18.4	+20.1	+6.9	+8.5	+9.8	+11.2	+18.4
Global Holocaust	17.80	+0.44	+18.6	+20.3	+7.0	+8.6	+9.9	+11.3	+18.6
Global Slaughter	18.00	+0.45	+18.8	+20.5	+7.1	+8.7	+10.0	+11.4	+18.8
Global Butchery	18.20	+0.46	+19.0	+20.7	+7.2	+8.8	+10.1	+11.5	+19.0
Global Carnage	18.40	+0.47	+19.2	+20.9	+7.3	+8.9	+10.2	+11.6	+19.2
Global Massacre	18.60	+0.48	+19.4	+21.1	+7.4	+9.0	+10.3	+11.7	+19.4
Global Bloodbath	18.80	+0.49	+19.6	+21.3	+7.5	+9.1	+10.4	+11.8	+19.6
Global Bloodshed	19.00	+0.50	+19.8	+21.5	+7.6	+9.2	+10.5	+11.9	+19.8
Global Bloodletting	19.20	+0.51	+20.0	+21.7	+7.7	+9.3	+10.6	+12.0	+20.0
Global Bloodcurdling	19.40	+0.52	+20.2	+21.9	+7.8	+9.4	+10.7	+12.1	+20.2
Global Bloodstained	19.60	+0.53	+20.4	+22.1	+7.9	+9.5	+10.8	+12.2	+20.4
Global Bloodsoaked	19.80	+0.54	+20.6	+22.3	+8.0	+9.6	+10.9	+12.3	+20.6
Global Bloodied	20.00	+0.55	+20.8	+22.5	+8.1	+9.7	+11.0	+12.4	+20.8
Global Bloodied	20.20	+0.56	+21.0	+22.7	+8.2	+9.8	+11.1	+12.5	+21.0
Global Bloodied	20.40	+0.57	+21.2	+22.9	+8.3	+9.9	+11.2	+12.6	+21.2
Global Bloodied	20.60	+0.58	+21.4	+23.1	+8.4	+10.0	+11.3	+12.7	+21.4
Global Bloodied	20.80	+0.59	+21.6	+23.3	+8.5	+10.1	+11.4	+12.8	+21.6
Global Bloodied	21.00	+0.60	+21.8	+23.5	+8.6	+10.2	+11.5	+12.9	+21.8
Global Bloodied	21.20	+0.61	+22.0	+23.7	+8.7	+10.3	+11.6	+13.0	+22.0
Global Bloodied	21.40	+0.62	+22.2	+23.9	+8.8	+10.4	+11.7	+13.1	+22.2
Global Bloodied	21.60	+0.63	+22.4	+24.1	+8.9	+10.5	+11.8	+13.2	+22.4
Global Bloodied	21.80	+0.64	+22.6	+24.3	+9.0	+10.6	+11.9	+13.3	+22.6
Global Bloodied	22.00	+0.65	+22.8	+24.5	+9.1	+10.7	+12.0	+13.4	+22.8
Global Bloodied	22.20	+0.66	+23.0	+24.7	+9.2	+10.8	+12.1	+13.5	+23.0
Global Bloodied	22.40	+0.67	+23.2	+24.9	+9.3	+10.9	+12.2	+13.6	+23.2
Global Bloodied	22.60	+0.68	+23.4	+25.1	+9.4	+11.0	+12.3	+13.7	+23.4
Global Bloodied	22.80	+0.69	+23.6	+25.3	+9.5	+11.1	+12.4	+13.8	+23.6
Global Bloodied	23.00	+0.70	+23.8	+25.5	+9.6	+11.2	+12.5	+13.9	+23.8
Global Bloodied	23.20	+0.71	+24.0	+25.7	+9.7	+11.3	+12.6	+14.0	+24.0
Global Bloodied	23.40	+0.72	+24.2	+25.9	+9.8	+11.4	+12.7	+14.1	+24.2
Global Bloodied	23.60	+0.73	+24.4	+26.1	+9.9	+11.5	+12.8	+14.2	+24.4
Global Bloodied	23.80	+0.74	+24.6	+26.3	+10.0	+11.6	+12.9	+14.3	+24.6
Global Bloodied	24.00	+0.75	+24.8	+26.5	+10.1	+11.7	+13.0	+14.4	+24.8
Global Bloodied	24.20	+0.76	+25.0	+26.7	+10.2	+11.8	+13.1	+14.5	+25.0
Global Bloodied	24.40	+0.77	+25.2	+26.9	+10.3	+11.9	+13.2	+14.6	+25.2
Global Bloodied	24.60	+0.78	+25.4	+27.1	+10.4	+12.0	+13.3	+14.7	+25.4
Global Bloodied	24.80	+0.79	+25.6	+27.3	+10.5	+12.1	+13.4	+14.8	+25.6
Global Bloodied	25.00	+0.80	+25.8	+27.5	+10.6	+12.2	+13.5	+14.9	+25.8
Global Bloodied	25.20	+0.81	+26.0	+27.7	+10.7	+12.3	+13.6	+15.0	+26.0
Global Bloodied	25.40	+0.82	+26.2	+27.9	+10.8	+12.4	+13.7	+15.1	+26.2
Global Bloodied	25.60	+0.83	+26.4	+28.1	+10.9	+12.5	+13.8	+15.2	+26.4
Global Bloodied	25.80	+0.84	+26.6	+28.3	+11.0	+12.6	+13.9	+15.3	+26.6
Global Bloodied	26.00	+0.85	+26.8	+28.5	+11.1	+12.7	+14.0	+15.4	+26.8
Global Bloodied	26.20	+0.86	+27.0	+28.7	+11.2	+12.8	+14.1	+15.5	+27.0
Global Bloodied	26.40	+0.87	+27.2	+28.9	+11.3	+12.9	+14.2	+15.6	+27.2
Global Bloodied	26.60	+0.88	+27.4	+29.1	+11.4	+13.0	+14.3	+15.7	+27.4
Global Bloodied	26.80	+0.89	+27.6	+29.3	+11.5	+13.1	+14.4	+15.8	+27.6
Global Bloodied	27.00	+0.90	+27.8	+29.5	+11.6	+13.2	+14.5	+15.9	+27.8
Global Bloodied	27.20	+0.91	+28.0	+29.7	+11.7	+13.3	+14.6	+16.0	+28.0
Global Bloodied	27.40	+0.92	+28.2	+29.9	+11.8	+13.4	+14.7	+16.1	+28.2
Global Bloodied	27.60	+0.93	+28.4	+30.1	+11.9	+13.5	+14.8	+16.2	+28.4
Global Bloodied	27.80	+0.94	+28.6	+30.3	+12.0	+13.6	+14.9	+16.3	+28.6
Global Bloodied	28.00	+0.95	+28.8	+30.5	+12.1	+13.7	+15.0	+16.4	+28.8
Global Bloodied	28.20	+0.96	+29.0	+30.7	+12.2	+13.8	+15.1	+16.5	+29.0
Global Bloodied	28.40	+0.97	+29.2	+30.9	+12.3	+13.9	+15.2	+16.6	+29.2
Global Bloodied	28.60	+0.98	+29.4	+31.1	+12.4	+14.0	+15.3	+16.7	+29.4
Global Bloodied	28.80	+0.99	+29.6	+31.3	+12.5	+14.1	+15.4	+16.8	+29.6
Global Bloodied	29.00	+1.00	+29.8	+31.5	+12.6	+14.2	+15.5	+16.9	+29.8
Global Bloodied	29.20	+1.01	+30.0	+31.7	+12.7	+14.3	+15.6	+17.0	+30.0
Global Bloodied	29.40	+1.02	+30.2	+31.9	+12.8	+14.4	+15.7	+17.1	+30.2
Global Bloodied	29.60	+1.03	+30.4	+32.1	+12.9	+14.5	+15.8	+17.2	+30.4
Global Bloodied	29.80	+1.04	+30.6	+32.3	+13.0	+14.6	+15.9	+17.3	+30.6
Global Bloodied	30.00	+1.05	+30.8	+32.5	+13.1	+14.7	+16.0	+17.4	+30.8
Global Bloodied	30.20	+1.06	+31.0	+32.7	+13.2	+14.8	+16.1	+17.5	+31.0
Global Bloodied	30.40	+1.07	+31.2	+32.9	+13.3	+14.9	+16.2	+17.6	+31.2
Global Bloodied	30.60	+1.08	+31.4	+33.1	+13.4	+15.0	+16.3	+17.7	+31.4
Global Bloodied	30.80	+1.09	+31.6	+33.3	+13.5	+15.1	+16.4	+17.8	+31.6
Global Bloodied	31.00	+1.10	+31.8	+33.5	+13.6	+15.2	+16.5	+17.9	+31.8
Global Bloodied	31.20	+1.11	+32.0	+33.7	+13.7	+15.3	+16.6	+18.0	+32.0
Global Bloodied	31.40	+1.12	+32.2	+33.9	+13.8	+15.4	+16.7	+18.1	+32.2
Global Bloodied	31.60	+1.13	+32.4	+34.1	+13.9	+15.5	+16.8	+18.2	+32.4
Global Bloodied	31.80	+1.14	+32.6	+34.3	+14.0	+15.6	+16.9	+18.3	+32.6
Global Bloodied	32.00	+1.15	+32.8	+34.5	+14.1	+15.7	+17.0	+18.4	+32.8
Global Bloodied	32.20	+1.16	+33.0	+34.7	+14.2	+15.8	+17.1	+18.5	+33.0
Global Bloodied	32.40	+1.17	+33.2	+34.9	+14.3	+15.9	+17.2	+18.6	+33.2
Global Bloodied	32.60	+1.18	+33.4	+35.1	+14.4	+16.0	+17.3	+18.7	+33.4
Global Bloodied	32.80	+1.19	+33.6	+35.3	+14.5	+16.1	+17.4	+18.8	+33.6
Global Bloodied	33.00	+1.20	+33.8	+35.5	+14.6	+16.2	+17.5	+18.9	+33.8
Global Bloodied	33.20	+1.21	+34.0	+35.7	+14.7	+16.3	+17.6	+19.0	+34.0
Global Bloodied	33.40	+1.22	+34.2	+35.9	+14.8	+16.4	+17.7	+19.1	+34.2
Global Bloodied	33.60	+1.23	+34.4	+36.1	+14.9	+16.5	+17.8	+19.2	+34.4
Global Bloodied	33.80	+1.24	+34.6	+36.3	+15.0	+16.6	+17.9	+19.3	+34.6
Global Bloodied	34.00	+1.25	+34.8	+36.5	+15.1	+16.7	+18.0	+19.4	+34.8
Global Bloodied	34.20	+1.26	+35.0	+36.7	+15.2	+16.8	+18.1	+19.5	+35.0
Global Bloodied	34.40	+1.27	+35.2	+36.9	+15.3	+16.9	+18.2		



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## FOREIGN EXCHANGES

## Dollar jumps on figures

THE DOLLAR responded well to positive US data yesterday, jumping a penny against the D-Mark in late London trading, writes Emma Tucker.

It was further boosted by a feeling that investors had underplayed the significance of events in Russia. Reports from Moscow that armoured vehicles had moved nearer the Russian parliament reminded dealers that the struggle in the former Soviet Union is not yet resolved and another bout of nerves pushed the D-Mark lower.

Later, news that the Chicago purchasing managers index rose to 54.5 per cent in September from 50.3 per cent in August lifted the dollar even higher.

The market was particularly heightened by a jump in the employment component of the index from 47.3 per cent to 51.5 per cent, an early indication that next week's crucial non-farm payroll figures will be better than expected.

There was also promising news from the US Department of Commerce which reported that August personal income rose 1.3 per cent on the previous month, the strongest rise since April. Economists had expected a 1 per cent increase.

compared with July's 0.2 per cent fall.

"There are now signs that the market was too pessimistic about the US economy," said Mr Jeremy Hawkins from Bank of America in London. "There is a case for being more optimistic about growth in the third quarter."

The dollar closed in London at DM1.6385, up over two pence on the day. Against the pound it was more static although it closed only slightly below the day's high of Y106.12. This compares with the previous day's close of Y105.15.

The pound had a better day, rising 2 1/2 pence to close at DM2.4475.

"The pound was oversold on Wednesday," said Mr Adrian Cunningham of UBS. "Now people are taking a more realistic view on the potential for rate cuts."

UK Economists are still debating the merits of another

interest rate cut. Yesterday, Mr Patrick Minford, one of the government's seven-woman men said: "The chancellor should devise a more robust monetary policy and cut interest rates while ruling out tax increases. He should not worry if the pound falls against the D-Mark because this might help the recovery."

But analysts, including Prof Minford himself, are not confident that Mr Kenneth Clarke will follow this advice.

Elsewhere in Europe a number of currencies gained from the unwinding of the D-Mark, was marginally weaker at BFR21.55 against the D-Mark after a 0.10-point cut in central and end-of-day rates. Rumours that Luxembourg was considering severing its currency peg to Belgium, should the Belgian franc depreciate further against the D-Mark, also weakened the currency.

## EMS EUROPEAN CURRENCY UNIT RATES

	Unit	Central Rate	% Change from 1992	% Change from 1991	% Change from 1990
Dutch Guilder	1.36672	1.36672	-0.40	6.22	-
French Franc	6.55957	6.55957	-0.01	0.00	-
Italian Lira	1,366.67	1,366.67	-0.01	0.00	-
Spanish Peseta	166.667	166.667	-0.01	0.00	-
German Mark	1.00000	1.00000	0.00	0.00	-
Portuguese Escudo	200.482	200.482	-0.01	0.00	-
Irish Punt	7.87564	7.87564	-0.01	0.00	-
Belgian Franc	36.36363	36.36363	-0.01	0.00	-
Swedish Krona	13.76033	13.76033	-0.01	0.00	-

Unit rates for the European Currency Unit (ECU) are shown in the table above. The ECU is a basket of the currencies of the 12 countries of the European Community. The ECU is not a currency in itself, but it is used as a unit of account for the Community. The ECU is also used as a unit of account for the Community's budget. The ECU is also used as a unit of account for the Community's statistics.

## POUND SPOT - FORWARD AGAINST THE POUND

	Spot	1 month	3 months	6 months	12 months
US Dollar	1.6385	1.6385	1.6385	1.6385	1.6385
Japanese Yen	163.85	163.85	163.85	163.85	163.85
Swiss Franc	1.6385	1.6385	1.6385	1.6385	1.6385
German Mark	2.4475	2.4475	2.4475	2.4475	2.4475
French Franc	106.12	106.12	106.12	106.12	106.12
Italian Lira	106.12	106.12	106.12	106.12	106.12
Spanish Peseta	106.12	106.12	106.12	106.12	106.12
Portuguese Escudo	106.12	106.12	106.12	106.12	106.12
Irish Punt	106.12	106.12	106.12	106.12	106.12
Belgian Franc	106.12	106.12	106.12	106.12	106.12
Swedish Krona	106.12	106.12	106.12	106.12	106.12

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## DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

	Spot	1 month	3 months	6 months	12 months
US Dollar	1.0000	1.0000	1.0000	1.0000	1.0000
Japanese Yen	100.00	100.00	100.00	100.00	100.00
Swiss Franc	1.0000	1.0000	1.0000	1.0000	1.0000
German Mark	1.0000	1.0000	1.0000	1.0000	1.0000
French Franc	1.0000	1.0000	1.0000	1.0000	1.0000
Italian Lira	1.0000	1.0000	1.0000	1.0000	1.0000
Spanish Peseta	1.0000	1.0000	1.0000	1.0000	1.0000
Portuguese Escudo	1.0000	1.0000	1.0000	1.0000	1.0000
Irish Punt	1.0000	1.0000	1.0000	1.0000	1.0000
Belgian Franc	1.0000	1.0000	1.0000	1.0000	1.0000
Swedish Krona	1.0000	1.0000	1.0000	1.0000	1.0000

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## EURO-CURRENCY INTEREST RATES

	3 months	6 months	12 months	18 months	24 months
US Dollar	5.50	5.50	5.50	5.50	5.50
Japanese Yen	5.50	5.50	5.50	5.50	5.50
Swiss Franc	5.50	5.50	5.50	5.50	5.50
German Mark	5.50	5.50	5.50	5.50	5.50
French Franc	5.50	5.50	5.50	5.50	5.50
Italian Lira	5.50	5.50	5.50	5.50	5.50
Spanish Peseta	5.50	5.50	5.50	5.50	5.50
Portuguese Escudo	5.50	5.50	5.50	5.50	5.50
Irish Punt	5.50	5.50	5.50	5.50	5.50
Belgian Franc	5.50	5.50	5.50	5.50	5.50
Swedish Krona	5.50	5.50	5.50	5.50	5.50

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## OTHER CURRENCIES

	Spot	1 month	3 months	6 months	12 months
US Dollar	1.0000	1.0000	1.0000	1.0000	1.0000
Japanese Yen	100.00	100.00	100.00	100.00	100.00
Swiss Franc	1.0000	1.0000	1.0000	1.0000	1.0000
German Mark	1.0000	1.0000	1.0000	1.0000	1.0000
French Franc	1.0000	1.0000	1.0000	1.0000	1.0000
Italian Lira	1.0000	1.0000	1.0000	1.0000	1.0000
Spanish Peseta	1.0000	1.0000	1.0000	1.0000	1.0000
Portuguese Escudo	1.0000	1.0000	1.0000	1.0000	1.0000
Irish Punt	1.0000	1.0000	1.0000	1.0000	1.0000
Belgian Franc	1.0000	1.0000	1.0000	1.0000	1.0000
Swedish Krona	1.0000	1.0000	1.0000	1.0000	1.0000

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## FINANCIAL FUTURES AND OPTIONS

	Strike	Call	Put	Settlement
US Dollar	1.0000	0.0000	0.0000	0.0000
Japanese Yen	100.00	0.0000	0.0000	0.0000
Swiss Franc	1.0000	0.0000	0.0000	0.0000
German Mark	1.0000	0.0000	0.0000	0.0000
French Franc	1.0000	0.0000	0.0000	0.0000
Italian Lira	1.0000	0.0000	0.0000	0.0000
Spanish Peseta	1.0000	0.0000	0.0000	0.0000
Portuguese Escudo	1.0000	0.0000	0.0000	0.0000
Irish Punt	1.0000	0.0000	0.0000	0.0000
Belgian Franc	1.0000	0.0000	0.0000	0.0000
Swedish Krona	1.0000	0.0000	0.0000	0.0000

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## LIFE EURO SWISS FRANK OPTIONS

	Strike	Call	Put	Settlement
US Dollar	1.0000	0.0000	0.0000	0.0000
Japanese Yen	100.00	0.0000	0.0000	0.0000
Swiss Franc	1.0000	0.0000	0.0000	0.0000
German Mark	1.0000	0.0000	0.0000	0.0000
French Franc	1.0000	0.0000	0.0000	0.0000
Italian Lira	1.0000	0.0000	0.0000	0.0000
Spanish Peseta	1.0000	0.0000	0.0000	0.0000
Portuguese Escudo	1.0000	0.0000	0.0000	0.0000
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## LIFE EURO SWISS FRANK OPTIONS

THREE MONTH EURO SWISS FRANC				
on 100 units of 100%				
	Close	High	Low	Prev.
100	96.70	96.70	96.69	96.74
100	96.03	96.06	96.02	96.04
100	96.21	96.25	96.22	96.20
100	96.30	96.32	96.30	96.28
Estimated volume 5680 (4568)				
previous day's open int. 45818 (45650)				
THREE MONTH EURO DOLLAR INT. RATE				
on 100 units of 100%				

Open	51,789	193,639
125	-	0.3
Estimated volume 32,488		Total Open
+ All Yield & Open Interest figures are		

**BASE LI**







## NEW YORK STOCK EXCHANGE COMPOSITE PRICES

GET Y

Continued on next page



NYSE COMPOSITE PRICES

Stock	High	Low	Open	Close	Change
IBM	125.12	124.87	125.00	124.87	+0.12
Microsoft	68.12	67.87	68.00	67.87	+0.12
Apple	52.12	51.87	52.00	51.87	+0.12
Oracle	48.12	47.87	48.00	47.87	+0.12
Amazon	32.12	31.87	32.00	31.87	+0.12
Yahoo	28.12	27.87	28.00	27.87	+0.12
Google	24.12	23.87	24.00	23.87	+0.12
Alibaba	20.12	19.87	20.00	19.87	+0.12
Facebook	16.12	15.87	16.00	15.87	+0.12
Twitter	12.12	11.87	12.00	11.87	+0.12
LinkedIn	8.12	7.87	8.00	7.87	+0.12
Slack	4.12	3.87	4.00	3.87	+0.12
Zoom	3.12	2.87	3.00	2.87	+0.12
Dropbox	2.12	1.87	2.00	1.87	+0.12
Evernote	1.12	0.87	1.00	0.87	+0.12
OneDrive	0.12	0.07	0.00	0.07	+0.12

Stock	High	Low	Open	Close	Change
IBM	125.12	124.87	125.00	124.87	+0.12
Microsoft	68.12	67.87	68.00	67.87	+0.12
Apple	52.12	51.87	52.00	51.87	+0.12
Oracle	48.12	47.87	48.00	47.87	+0.12
Amazon	32.12	31.87	32.00	31.87	+0.12
Yahoo	28.12	27.87	28.00	27.87	+0.12
Google	24.12	23.87	24.00	23.87	+0.12
Alibaba	20.12	19.87	20.00	19.87	+0.12
Facebook	16.12	15.87	16.00	15.87	+0.12
Twitter	12.12	11.87	12.00	11.87	+0.12
LinkedIn	8.12	7.87	8.00	7.87	+0.12
Slack	4.12	3.87	4.00	3.87	+0.12
Zoom	3.12	2.87	3.00	2.87	+0.12
Dropbox	2.12	1.87	2.00	1.87	+0.12
Evernote	1.12	0.87	1.00	0.87	+0.12
OneDrive	0.12	0.07	0.00	0.07	+0.12

NASDAQ NATIONAL MARKET

Stock	High	Low	Open	Close	Change
IBM	125.12	124.87	125.00	124.87	+0.12
Microsoft	68.12	67.87	68.00	67.87	+0.12
Apple	52.12	51.87	52.00	51.87	+0.12
Oracle	48.12	47.87	48.00	47.87	+0.12
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Zoom	3.12	2.87	3.00	2.87	+0.12
Dropbox	2.12	1.87	2.00	1.87	+0.12
Evernote	1.12	0.87	1.00	0.87	+0.12
OneDrive	0.12	0.07	0.00	0.07	+0.12

AMEX COMPOSITE PRICES

Stock	High	Low	Open	Close	Change
IBM	125.12	124.87	125.00	124.87	+0.12
Microsoft	68.12	67.87	68.00	67.87	+0.12
Apple	52.12	51.87	52.00	51.87	+0.12
Oracle	48.12	47.87	48.00	47.87	+0.12
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AMERICA

# Rally in Dow follows sharp opening losses

Wall Street

US share prices rallied yesterday morning following big early declines, to end the morning session little changed from overnight closing values, writes Patrick Harverson in New York.

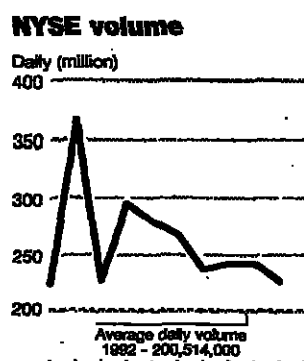
At 1 pm, the Dow Jones Industrial Average was down 2.90 at 3,563.50. The more broadly based Standard & Poor's 500 was 1.01 firmer at 461.12, while the Amex composite was up 0.70 at 458.35, and the Nasdaq composite down 1.12 at 76.05. Trading volume on the NYSE was 162m shares by 1 pm.

The market opened sharply lower, with the Dow dropping almost 20 points in the first half an hour of trading. The losses were attributed to several factors: further weakness in bond prices (the yield on the 30-year bond rose back above 6 per cent mid-morning), higher crude oil and gold prices, which always raise concerns over inflation, and nervousness ahead of the approaching corporate reporting season.

US companies are due to begin releasing third quarter earnings data in the next few weeks, and the sluggish nature of economic growth over the summer has raised fears that

corporate profitability in this latest quarter may not match the achievements of the first half.

Among individual sectors, most oil stocks were strong for the second consecutive day as crude prices rose in the wake of an oil production agreement between members of Opec. Chevron rose 3/4 to 59 7/8.



Mobil added 3/4 to 58 1/2, Texaco put on 3/4 to 58 3/4 and British Petroleum added 3/4 to 58 3/4.

General Motors fell 1/4 to 54 1/2 amid apprehension about the group's board meeting on Monday, which will review GM's labour relations strategy. The company is currently

attempting to negotiate a new wage agreement with the car workers' unions.

USAR fell 3/4 to 12 1/2 after the airline forecast losses for the third quarter of, and the full year 1993, and said that it would take a 75m charge in the latest quarter and 44m for the year to help cover the cost of 2,500 job cuts. The weakness in USAR led to other carriers, with UAL falling 5/8 to 138 1/2 and AMR giving up 3/4 to 54 1/2.

USF & C dropped 1 1/2 to 14 1/2 in heavy trading after the brokerage house, Kidder Peabody, cut its 1993 and 1994 earnings forecasts for the insurance group.

On the Nasdaq market, leading technology issues were depressed. Intel fell 3/4 to 57 1/2, Apple gave up 3/4 to 52 1/2, and Microsoft slipped 3/4 to 82 1/2.

Canada

TORONTO continued to rally at midday helped by gains in precious metal and energy issues.

The TSE-300 composite index was 13.98 higher at 3,997.14 in volume of 21.2m shares valued at C\$260.4m. Advancing issues led declines by 323 to 251 with 279 stocks unchanged.

EUROPE

# Opec output ceiling supports oil stocks

A CEILING on output resulting from the Opec talks helped oil stocks yesterday, writes Our Markets Staff.

AMSTERDAM was lifted by Royal Dutch, up F1 3/32 to F1 186.30 on agreement at the Opec ministers meeting in Geneva. The CBS Tendency index finished up 0.5 to 124.5 in turnover reported as low.

KNP BT went against the trend with a fall of 20 cents to F1 33.70, having priced its one for five rights issue below market expectations at F1 30.50.

Philips and Polygram both put on 60 cents, to F1 37.20 and F1 63.40 respectively; investors responded with some enthusiasm from comments by Jan Timmer, the chairman, that the group's cost-cutting exercise was so far surpassing set targets.

PARIS saw the expiry of options and futures contracts pull the CAC-40 index lower; it closed 12.17 down at 2,113.83 after an earlier high of 2,131.52. Because of technical trading turnover rose to FFR3.8bn.

Positive moves included Alcatel Alsthom's gain of FFR9 to FFR733 on flat first half profits, and Elf Aquitaine's rise of FFR8.50 to FFR422.60 on the

Opec news. Générale des Eaux lost FFR20 to FFR2,578 on the announcement late on Wednesday that the government may liberalise the telephone sector and grant a licence to a third operator.

The slide in LVME continued as brokers issued sell notes, the stock coming off FFR63 to FFR3,767. Since recording a year's high at the beginning of September the shares have lost 13 per cent as the market braced itself for disappointing interim results.

Bancaire shed FFR20.80 or 4 per cent to FFR494.20 on rumours that it might drop out of the CAC-40 in due course to make way for BNP.

FRANKFURT took its gains on the September quarter to 12.8 per cent as the DAX index rose 8.02 to 1,915.71 in turnover dipped from DM5.3bn to DM5.1bn.

Mr Eckhard Frahm of Merck Finck in Düsseldorf said that descending interest and inflation rate trends should continue to be good for the market in the medium term, but that the weak dollar, the cancellation of pay agreements in the metal-based industries and any escalation in Russia fears

## FT-SE Actuaries Share Indices

THE EUROPEAN SERIES										
September 30	Open	11.30	12.00	13.00	14.00	15.00	16.00	Close		
Nightly changes										
FT-SE Euro100	1285.05	1285.16	1286.39	1286.95	1286.21	1284.06	1282.66	1283.02		
FT-SE Euro200	1382.94	1382.88	1384.38	1384.08	1386.14	1383.91	1382.50	1382.51		
									Sep 29	Sep 28
FT-SE Euro100	1288.31	1288.96	1290.59	1290.59	1274.95	1274.95	1273.84	1273.84		
FT-SE Euro200	1356.79	1356.79	1364.11	1361.41	1361.41	1346.66	1346.66	1347.03		
Base value 1000 (25/10/82) Nightly: 100 - 1284.94, 200 - 1357.91 London: 100 - 1282.86, 200 - 1347.03										

MILAN recovered some ground as Fiat rebounded after Wednesday's fall, but the rise was restrained as the market awaited further details of the Rinascente disposal. The Comit index added 2.05 to 596.08.

Mr Roberto Morelli at NatWest Securities commented: "I think that after the shock, the reality is dawning that the capital increase really was needed. The market perception has certainly improved today." Fiat rose 1.32 to L5.689.

Sip rose L42 to L3,723 in a continued response to much better than expected gross operating profits. Cir, Mr Carlo De Benedetti's holding company, added L47 to L1,620 in response to first half results which showed a return to pre-tax profit.

Sme, the state controlled supermarket and motorway restaurant chain, shed L48 to L4,177 as it forecast that full year figures would be in line with those of last year.

ZURICH slipped on profit-taking and the SMI index, headed towards the 2,500 level early in the day, finished 12.3 lower at 2,473.1.

An analyst at James Capel in London saw no reason for the market to pull back before the 2,500 level was breached, although it was difficult to see what, other than a cut in interest rates, might help prices convincingly higher.

He believed that in the continued absence of a lead from the Bundesbank, Switzerland would cut rates unilaterally, since unemployment was rising, the money supply was under control, the Swiss franc was strong and headline inflation was about to fall in November. The profit-taking left Nestlé SFRs lower at SFR1,090 after its strong performance during the week.

Written and edited by William Cochrane, John Pitt and Michael Morgan.

ASIA PACIFIC

# Hong Kong at a record high on strong US buying

Tokyo

EQUITIES closed marginally higher as investor interest turned to trading on the second section and the over-the-counter market, writes Emilio Terazono in Tokyo.

The Nikkei average gained 28.30 at 20,105.71 after moving between 20,032.20 and 20,158.33. Traders said public funds and financial institutions supported shares, while individuals, tokkin, or specified money trusts, and foreign investors sought small-capital issues.

The second section index rose 3.50 to 2,256.50, while the OTC average advanced 37.61 to 1,706.29.

Volume on the first section came to 280m shares, against 290m. Advances led declines by 507 to 485, with 176 issues unchanged. The Topix index of all first section stocks put on 8.39 at 1,626.25 and, in London, the ISE/Nikkei 50 index was 0.08 firmer at 1,255.35.

Traders said some investors were becoming increasingly pessimistic over corporate earnings because of a spate of downward earnings revisions and restructuring announcements by major companies. However, Mr Jason James, strategist at James Capel, said that with interest rates at a record low, cash, including speculative funds, should start entering the equity market.

Mazda Motor dropped Y31 to Y433 on heavy selling after announcing that its pre-tax loss would rise to Y32bn from an earlier estimate of Y12bn.

There was a recovery in large-capital issues and banks which were previously sold on profit-taking. Nippon Steel improved Y11 to Y313, Industrial Bank of Japan Y90 to

Y3,280 and Fuji Bank Y50 to Y2,300.

Nippon Telegraph and Telephone rose for the first time in six trading days, gaining Y4,000 at Y81,000.

Investors sought prospective beneficiaries of the temporary easing of the country's imported rice ban due to the poor domestic harvest. The Agriculture Ministry yesterday announced that the rice harvest index was 80 against an annual average of 100, and said it would import 300,000 tonnes of rice as its first instalment.

Trading companies such as Mitsubishi, up Y20 at Y1,190, gained, while warehouse issues also advanced, Mitsui Soko adding Y9 at Y940.

DDI, a long distance telecom company listed on the second section, firmed Y140,000 to Y6,32m on reports of an easing of restrictions on portable telephones.

In Osaka, the OSE average moved up 36.18 to 21,186.77 in volume of 16.4m shares.

Roundup

THERE WERE a number of impressive performances among the region's markets yesterday. Seoul and Taiwan were closed for holidays.

HONG KONG climbed 1.7 per cent to a record close, encouraged by the more moderate tone of Chinese foreign minister Qian Qichen ahead of his meeting today with Mr Douglas Hurd, the British foreign secretary.

The Hang Seng index rose 125.12 to 7,676.22 in turnover that swelled to HK\$4.96bn from Wednesday's HK\$2.86bn.

Strong US demand was noted as Morgan Stanley raised the Hong Kong weighting in its global equity model portfolio

from 0.2 per cent to an overweight 3 per cent. Mr James Lister-Chessie of Morgan Stanley commented that Hong Kong was trading on a prospective price/earnings ratio of 13 times 1993 earnings, compared with p/e ratios in the mid-20s for many other markets in the area, largely as a result of perceived political risk.

Morgan Stanley saw political tensions easing, he said, and a positive outlook for the Hong Kong economy as trade with China opened up.

KUALA LUMPUR remained firm, the composite index advancing 7.27 to a record 353.85 close. A 50-cent gain in Telekom Malaysia to M\$17.20 helped to drive the index forward.

SINGAPORE picked up as investors sought property issues ahead of more liberal use of workers' provident fund savings for investments. The Straits Times Industrial index rose 19.74 to 2,009.02 in volume that jumped to 471.78m shares from 356.70m.

AUSTRALIA was pushed higher by gains in the futures market and the oil sector, as well as further rises in BHP and News Corp. The All Ordinaries index added 13.0 at 1,964.4 in turnover of A\$389.7m. BHP put on 10 cents for a record close of A\$16.25, while News Corp appreciated 8 cents to A\$11.00.

MANILA turned lower as the peso's appreciation against the dollar led to a pullback in share prices of dollar-earning market leaders. The market index shed 8.65 to 1,973.76.

BOMBAY rose on news that a resolution was in sight over the recent seizure of proxy-held shares by the income tax authorities. The BSE 30 index ended 32.97 up at 2,719.28.

The Danish equities market received a short-lived boost from the disintegration of the EMS in August, which weakened the krone against the D-Mark. The all-share index put on 6 per cent, but the improvement did not last.

In September the index has barely moved. The krone has slipped by about four per cent against the D-Mark since the end of July, but the government's aim is to prevent significant depreciation and Denmark's domestic currency has strengthened slightly against the D-Mark since the end of July.

An encouraging factor is that two cuts since August in the official discount rate, which moved down by 0.5 per cent to 8.25 per cent on Monday, left the krone undamaged, generating expectations of further interest rate reductions to come. On the assumption of lower short-term interest and easier money, brokers in Copenhagen expect a moderate improvement in share prices over coming months.

So far this year the share price index has increased by 29 per cent, which is better than the European average, with confidence improved by the referendum vote in favour of the Maastricht treaty in May.

Sector indices show a jump of 47 per cent for banks since the end of last year, with shipping shares increasing by 45 per cent. Industrials, up by only 14 per cent, have lagged badly, suffering from difficult conditions in all of their main export markets, Britain, Sweden and Germany, and a disappointing domestic market where first half GDP declined by about 1.3 per cent from the same period last year.

The banks were returned to

first-half profits by big gains in the value of their bond and share portfolios, gains which under Danish accounting practice go into the profit and loss account almost in their entirety. Danske Bank has moved from a low of DKr189 to DKr385 this year, and Unidanmark from DKr99 to DKr208.

Shares in the big AP Moller shipping and oil group's quoted companies, D/S 1912 and D/S Svendborg, have increased in value by over 50 per cent this year. Moller's Maersk Line became the world leader in container-carrying capacity earlier this year when it acquired the liner operations of its erstwhile Danish rival, the East Asiatic Company.

The group's oil and gas production in the Danish sector of the North Sea has been

adversely affected by lower oil and gas prices, but the volume of gas sales will increase by about 50 per cent in 1997 as the result of a new agreement with

the state's oil and gas distribution company.

Other shares which have performed well are EAC, up from a low of DKr60 to DKr144, and GN Great Northern, up from DKr263 to DKr537. EAC, once regarded as the Rolls Royce of the Danish corporate world, came close to total collapse last year, but a programme of divestments under a new management has put the group, which has major and profitable trading interests in the Far East, on a sounder footing.

GN made its name a century ago by laying telephone cables across Russia and from there to Japan. Its fortunes have revived with the opening up of East Europe, where it has participated in establishing optical fibre cable links between Denmark and Poland, and south

through Poland to the Czech border, and between Denmark and St Petersburg. This year GN signed a contract for cables to link Russia to Japan and South Korea.

Meanwhile, the domestic economic outlook may be about to improve. There will be a big boost to demand through fiscal policy in 1994. The government predicts a growth in real private consumption by four per cent and in GDP by 2.9 per cent. Non-official forecasters tend to think that the forecasts are too high, but the minister of finance, Mr Mogens Lykke-toft, told the FT this week that real household disposable incomes in 1994 will rise by at least 4.5 per cent, so he considers the forecast fully realistic.

There is a limited amount of exhibition space available at the conference

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## FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co. and NatWest Securities Limited in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	WEDNESDAY SEPTEMBER 29 1993										THURSDAY SEPTEMBER 30 1993										DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1993 High	1993 Low	Year ago (approx)							
Australia (69)	142.06	+0.4	139.25	94.42	119.17	146.31	+0.4	3.53	141.54	138.37	94.16	119.03	145.65	148.84	117.39	124.14							
Austria (17)	188.52	+0.0	186.17	112.68	142.20	142.04	-0.8	1.09	189.59	185.90	112.63	142.82	143.22	180.43	131.16	180.71							
Belgium (42)	147.40	+0.3	144.49	87.97	123.85	128.32	+0.1	4.56	147.04	143.75	87.82	123.85	128.19	156.76	131.19	147.90							
Canada (107)	121.92	-0.4	119.51	81.03	102.27	117.26	-0.0	2.89	122.37	119.64	81.41	102.90	117.28	130.38	111.41	117.10							
Denmark (32)	233.14	+0.0	228.52	154.96	195.57	207.06	-0.5	1.10	233.12	227.91	155.10	196.04	208.08	233.14	185.11	208.42							
Finland (23)	110.21	+1.0	108.03	73.26	82.45	133.30	+0.2	0.78	108.11	105.57	72.80	81.76	133.03	115.56	85.50	52.42							
France (67)	170.16	+0.4	166.79	113.09	142.73	150.47	+0.2	3.07	169.54	165.75	112.78	142.58	150.19	171.59	142.72	180.75							
Germany (80)	128.24	-0.1	125.70	85.25	107.57	107.57	-0.3	1.98	128.35	125.48	85.40	107.93	107.93	129.13	101.59	114.39							
Hong Kong (30)	300.67	+1.2	294.73	193.85	252.23	298.66	+1.1	3.41	297.21	290.69	192.73	245.94	295.34	320.4	218.82	227.7							
Italy (74)	168.84	+0.0	165.30	110.20	141.46	144.38	-0.2	3.41	168.68	164.91	110.22	141.46	144.37	173.06	129.28	145.88							
Japan (10)	74.12	+0.4	72.65	48.29	92.17	87.15	-0.5	1.86	74.44	72.77	48.22	92.58	87.67	78.93	53.78	51.44							
Netherlands (19)	157.75	-0.5	155.72	101.55	131.63	134.88	-0.3	0.81	157.14	154.81	101.58	132.73	134.88	165.91	114.92	141.92							
Malaysia (69)	411.24	-0.5	403.11	273.33	344.98	403.89	-0.5	1.71	413.42	404.18	275.94	347.05	405.10	413.42	251.06	250.08							
Mexico (19)	1979.29	+0.5	1946.08	1116.18	1408.68	5723.89	+0.5	0.89	1970.87	1933.51	1111.84	1405.10	5697.95	1771.56	1410.30	1226.67							
New Zealand (24)	184.83	+0.1	181.17	122.85	155.05	162.82	-0.1	3.58	184.06	182.32	122.85	155.26	159.96	187.18	150.39	189.67							
Norway (22)	163.39	+0.3	161.39	99.33	121.85	121.85	-0.3	1.63	163.06	160.72	99.33	121.85	121.85	165.91	114.77	146.75							
Norway (22)	163.39	-1.6	165.10	133.81	141.26	161.82	-1.7	1.63	164.06	162.23	133.81	143.85	161.87	177.44	137.71	186.75							
Singapore (38)	282.81	+0.3	286.92	194.99	245.45	214.26	+0.2	1.61	291.81	285.26	194.14	245.38	213.88	292.61	207.04	188.79							
South Africa (30)	202.51	+0.8	198.54	134.62	169.80	185.15	+0.8	2.79	201.19	198.78	133.62	162.27	181.70	215.22	144.72	174.94							
Spain (36)	137.74	+0.5	135.92	81.58	115.54	105.62	+0.0	4.20	137.28	134.21	81.33	115.44	105.93	140.93	100.75	112.37							
Sweden (36)	191.26	-0.7	188.48	128.46	159.60	129.60	-0.6	1.48	191.51	187.55	128.49	159.17	128.82	184.83	109.81	122.59							
Switzerland (50)	141.83	+0.4	139.02	94.26	118.99	122.49	+0.4	1.75	141.24	138.99	93.98	117.19	123.82	141.83	108.91	127.37							
United Kingdom (218)	186.63	+0.5	182.94	124.04	156.84	182.94	+0.2	3.71	187.78	183.81	124.79	157.73	183.81	190.40	162.00	179.98							
USA (820)	186.21	-0.3	184.19	125.10	159.49	188.21	-0.2	2.93	188.73	184.26	125.57	158.72	183.73	181.70	175.39	170.38							
Europe (748)	157.82	-0.1	154.51	104.77	132.13	148.71	-0.2	3.07	157.85	154.16	102.02	132.75	146.93	159.39	133.92	145.34							
Nordic (119)	180.19	-0.4	176.82	119.77	155.25	186.78	-0.2	3.22	180.92	176.57	120.37	152.14	186.76	198.23	142.13	168.53							
Benelux Pacific (714)	157.82	-0.1	154.36	104.72	132.18	182.27	-0.2	1.09	157.17	154.24	104.87	132.68	168.56	186.68	165.89	181.05							
Europe Pacific (1468)	157.47	-0.1	154.26	104.72	132.18	182.27	-0.2	1.09	157.17	154.24	104.87	132.68	168.56	186.68	165.89	181.05							
North America (627)	194.10	+0.3	190.48	128.22	155.46	163.41	-0.3	2.73	184.82	180.49	128.24	155.69	163.89	185.86	171.51	167.09							
Europe Ex. UK (534)	139.92	+0.1	136.17	92.95	115.58	125.81	-0.1	3.23	138.80	135.69	92.98	117.14	125.73	138.90	112.51	132.12							
World Ex. Japan (234)	204.43	+0.5	200.39	133.90	171.50	191.81	+0.2	3.01	203.43	198.89	132.36	171.09	190.24	205.51	150.21	164.02							
World Ex. Japan (234)	191.57	-0.1	187.81	104.77	132.18	182.27	-0.1	1.09	191.57	187.81	104.77	132.18	182.27	191.57	132.18	182.27							
World Ex. UK (1950)	164.95	-0.2	161.69	103.64	138.38	141.72	-0.2	2.05	165.20	161.21	103.91	139.94	142.01	168.50	134.22	138.72							
World Ex. So. Af. (2108)	166.73	-0.2	163.44	100.83	138.68	145.03	-0.2	2.22	167.06	163.92	111.15	140.50	145.03	174.03	137.29	146.29							
World Ex. Japan (1988)	176.26	-0.2	172.78	111.17	141.78	170.82	-0.2	2.95	175.56	172.61	111.48	146.50	170.80	177.17	137.47	158.46							
The World Index (2188)	166.86	-0.2	163.56	101.91	139.98	145.44	-0.2	2.23	167.18	163.44	111.21	140.59	145.74	170.12	137.32	146.46							